



**LAKE GEAUGA COMPUTER ASSOCIATION
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAKE GEAUGA COMPUTER ASSOCIATION
GEAUGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lake Geauga Computer Association
Geauga County
470 Center Street, Bldg. #2
Chardon, Ohio 44024

To the Executive Committee:

We have audited the accompanying financial statements of the Lake Geauga Computer Association, Geauga County, Ohio, (LGCA) as of and for the year ended June 30, 2000. These financial statements are the responsibility of LGCA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, LGCA prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Lake Geauga Computer Association, Geauga County, as of June 30, 2000, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2000 report] on our consideration of the LGCA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Executive Committee, management, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 31, 2000

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LAKE GEAUGA COMPUTER ASSOCIATION
 GEAUGA COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2000

| | Enterprise Fund |
|---|----------------------------|
| Operating Cash Receipts: | |
| Service Fees | \$877,027 |
| Total Operating Cash Receipts | 877,027 |
| Operating Cash Disbursements: | |
| Salaries | 648,523 |
| Fringe Benefits | 192,030 |
| Purchased Resources | 564,042 |
| Supplies and Materials | 5,440 |
| Capital Outlay | 63,842 |
| Other | 22,253 |
| Total Operating Cash Disbursements | 1,496,130 |
| Operating Loss | (619,103) |
| Non-Operating Cash Receipts: | |
| Earnings on Investments | 26,823 |
| State Sources Receipts | 622,049 |
| Contributions and Donations | 7,860 |
| Refund of Prior Years' Expenditures | 7,185 |
| Total Non-Operating Cash Receipts | 663,917 |
| Excess of Receipts Over/(Under) Disbursements | 44,814 |
| Fund Cash Balances, July 1, 1999 | 577,700 |
| Fund Cash Balances, June 30, 2000 | \$622,514 |

The notes to the financial statements are an integral part of this statements.

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**LAKE GEAUGA COMPUTER ASSOCIATION
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Empowered by Section 3313.92, Ohio Revised Code, the Lake Geauga Computer Association (LGCA) is a cooperative computer consortium open to any public school district within the geographic area determined by the State Department of Education. The geographic area includes Lake, Geauga and Cuyahoga counties. The mission of LGCA is to provide quality, cost-effective services that enable member school districts, individually and interactively, to manage data and to utilize technology effectively for educational and administrative purposes. The Geauga County Board of Education Treasurer is the Fiscal Agent for LGCA.

LGCA presently has eighteen member school districts. LGCA's Assembly consists of the Superintendent and Treasurer of each member school district. The Assembly elects the Executive Committee which consists of six Superintendents of the member districts, which must include the Superintendent of the Fiscal Agent, and a minimum of one Superintendent from each county, and five Treasurers selected by a vote of a majority of all Treasurers in the Assembly. The LGCA Director also serves on the Executive Committee.

The LGCA's management believes these financial statements present all activities for which the LGCA is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Ohio Revised Code Section 3313.92 requires the Geauga County Educational Service Center to act as the fiscal agent for LGCA. LGCA's cash pool is deposited with the Geauga County Educational Service Center Treasurer. The cash pool is commingled with the Educational Service Center's cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Educational Service Center Treasurer for deposit and all disbursements are made by warrants prepared by the Educational Service Center Treasurer drawn on deposits held in the name of the Geauga County Educational Service Center. GASB 3 requirements for the Geauga County Educational Service Center are presented in the June 30, 2000 General Purpose Financial Statements. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure, or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Geauga County Educational Service Center Treasurer at June 30, 2000 was \$622,514.

**LAKE GEAUGA COMPUTER ASSOCIATION
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

LGCA uses fund accounting to segregate cash and investments that are restricted as to use. LGCA classifies its fund as follows:

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by LGCA.

2. RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2000 LGCA rented office space from the Auburn Career Center. The Career Center provides certain administrative services, as well as custodial and maintenance services.

In the fiscal year 2000, LGCA received service fee contributions from the member school districts of \$877,027. These contributions are reflected as Service Fees operating cash receipts in the accompanying financial statements.

3. RETIREMENT SYSTEMS

LGCA's employees are covered by the School Employees Retirement Systems (SERS). SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of SERS contributed 9% of their wages to the SERS. LGCA contributed an amount equal to 14% of participants' wages. LGCA has paid all contributions required through June 30, 2000.

4. RISK MANAGEMENT

LGCA has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- Fire and Theft.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Lake Geauga Computer Association
Geauga County
470 Center Street, Bldg. #2
Chardon, Ohio 44024

To the Executive Committee:

We have audited the financial statements of the Lake Geauga Computer Association, Geauga County, Ohio, (LGCA) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LGCA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LGCA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Lake Geauga Computer Association
Geauga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the Executive Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 31, 2000



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LAKE GEAUGA COMPUTER ASSOCIATION

GEAUGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 5, 2000**