



**Auditor of State
Betty Montgomery**

LICKING AREA COMPUTER ASSOCIATION
LICKING COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Licking Area Computer Association
Licking County
195 Union Street, Suite C-2
Newark, Ohio 43055

To the Board of Directors:

We have audited the accompanying financial statements of the Licking Area Computer Association, Licking County, Ohio, (the Association) as of and for the years ended June 30, 2003, and June 30, 2002. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 discussed in Note 1, the Association 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance and reserves for encumbrances of the Association as of June 30, 2003, and June 30, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2003, on our consideration of the Association'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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
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This report is intended solely for the information and use of management, the Board of Directors, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 15, 2003

**LICKING AREA COMPUTER ASSOCIATION
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCE
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
Operating Cash Receipts:		
Charges for Services	\$1,533,252	\$1,409,262
Intergovernmental	696,694	968,759
Total Operating Cash Receipts	2,229,946	2,378,021
Operating Cash Disbursements:		
Personal Services	618,561	523,714
Utilities	276,157	218,034
Purchased Services	954,806	892,075
Supplies and Materials	75,514	37,055
Capital Outlay	108,973	405,851
Other	17,541	28,313
Pass-Through	259,981	18,658
Total Operating Cash Disbursements	2,311,533	2,123,700
Net Receipts Over/(Under) Disbursements	(81,587)	254,321
Cash Balance, July 1	998,217	743,896
Cash Balance, June 30	\$916,630	\$998,217
Reserve for Encumbrances, December 31	\$126,094	\$158,395

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

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**LICKING AREA COMPUTER ASSOCIATION
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Licking Area Computer Association, Licking County, (the Association) is organized under Ohio Revised Code Section 3313.922. The Association operates under a Board of Directors consisting of Member Superintendents or their designees.

The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves fourteen schools in Licking and Muskingum Counties.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

The Association's cash is held and invested by the Licking County Joint Vocational School District (the District) Treasurer, who acts as custodian for Association monies. The Association's assets are held in the District's cash and investment pool, and are valued at the District's reported carrying amount.

D. Budgetary Process

1. Budget

Prior to the start of each fiscal year the Board of Directors approve a budget for the Association. The budget includes an estimate of the amounts expected to be received and expended by the Association during the fiscal year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 reported as a liability under the basis of accounting used by the Association.

**LICKING AREA COMPUTER ASSOCIATION
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2003 and June 30, 2002 follows:

Budgeted vs. Actual Receipts		
Fund Type	2003	2002
Budgeted Receipts	\$2,368,156	\$2,603,919
Actual Receipts	2,229,946	2,378,021
Variance	(\$138,210)	(\$225,898)

Budgeted vs. Actual Budgetary Basis Expenditures		
Fund Type	2003	2002
Appropriation Authority	\$2,958,676	\$2,909,229
Budgetary Expenditures	2,437,627	2,282,095
Variance	\$521,049	\$627,134

3. RETIREMENT SYSTEM

The Association's full-time employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a state operated, cost-sharing, multiple-employer public employee retirement system. SERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. SERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, SERS members contributed 9% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries through. The Association has paid all contributions required through June 30, 2003.

4. RISK MANAGEMENT

Commercial Insurance

The Licking Count Joint Vocational School District has obtained commercial insurance, which includes coverage for the Association, for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The District pays the State Workers' Compensation System a premium based on a rate of \$100 per salaries. This rate is calculated based on accident history and administrative costs.

The District also provides health insurance and dental and vision coverage to full-time employees of the Association through a private carrier.

**LICKING AREA COMPUTER ASSOCIATION
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. JOINT VENTURE

The Licking Area Computer Association (LACA) is a legally separate consortium. LACA is in a joint venture with fourteen member district participants. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. The participating member districts have an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions and likewise shall participate in proceeds from sale of assets upon liquidation. LACA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future.

LACA utilizes the Licking County Joint Vocational School as its fiscal agent. The financial activity for LACA is reported on the School's financial statements in an agency fund.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Licking Area Computer Association
Licking County
195 Union Street, Suite C-2
Newark, Ohio 43055

To the Board of Directors:

We have audited the accompanying financial statements of the Licking Area Computer Association, Licking County, Ohio, (the Association) as of and for the years ended June 30, 2003, and June 30, 2002, and have issued our report thereon dated September 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the District'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 the District'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.

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Licking Area Computer Association
Licking County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 15, 2003



**Auditor of State
Betty Montgomery**

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LICKING AREA COMPUTER ASSOCIATION

LICKING 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
NOVEMBER 13, 2003**