



Dave Yost • Auditor of State

LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS

LORAIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

North Coast Council
Cuyahoga County
5700 West Canal Road
Valley View, Ohio 44125

Lorain County Educational Service Center
Lorain County
1885 Lake Avenue
Elyria, Ohio 44035

The Board of Directors and Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Lake Erie Educational Computer Association Council of Governments, Lorain County, (LEECA) as of and for the years ended January 31, 2014 and June 30, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to LEECA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the LEECA's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, LEECA prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of LEECA as of January 31, 2014 and June 30, 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Lake Erie Educational Computer Association Council of Governments, Lorain County as of January 31, 2014 and June 30, 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 and Note 5 to the financial statements, LEECA merged with Lakeshore Northeast Ohio Computer Association and became known as North Coast Council on July 1, 2012. LEECA ceased operations and all funds, property and other assets were transferred to North Coast Council by January 31, 2014. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015, on our consideration of the LEECA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LEECA's internal control over financial reporting and compliance.

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Dave Yost
Auditor of State
Columbus, Ohio

January 14, 2015

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**LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE FISCAL YEARS ENDED JANUARY 30, 2014 AND JUNE 30, 2013**

	2014	2013
Operating Cash Receipts:		
Charges for Services		\$ 54,518
Total Operating Cash Receipts		54,518
Operating Cash Disbursements:		
Personal Services		110,509
Purchased Contractual Services		30,107
Supplies and Materials		30
Capital Outlay		200
Other		8,979
Total Operating Cash Disbursements		149,825
Operating (Loss)		(95,307)
Non-Operating Cash Receipts:		
Earnings on Investments	\$ 2,714	10,157
Intergovernmental Revenues		3,000
Other Non-Operating Revenues	3,758	
Total Non-Operating Cash Receipts	6,472	13,157
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	948,028	1,840,580
Total Non-Operating Cash Disbursements	948,028	1,840,580
Net Receipts (Under) Disbursements	(941,556)	(1,922,730)
Beginning Fund Cash Balance	941,556	2,864,286
Ending Fund Cash Balance	941,556	\$ 941,556

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

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**LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JANUARY 31, 2014 AND JUNE 30, 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Lake Erie Educational Computer Association Council of Governments, Lorain County, (LEECA) as a body corporate and politic. LEECA was organized as a Council of Governments in accordance with Chapter 165 of the Ohio Revised Code. LEECA 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 Lorain County and parts of Medina, Huron, Erie, and Cuyahoga Counties. The mission of LEECA is to provide quality, cost-effective services that enable member school districts, individually and interactively, to manage data and utilize technology effectively for educational and administrative purposes. The Treasurer of the Educational Service Center of Lorain County (ESC) is the fiscal agent for LEECA.

LEECA merged with Lakeshore Northeast Ohio Computer Association (LNOCA) and became known as North Coast Council (NCC) on July 1, 2012. Educational Service Center of Cuyahoga County became the fiscal agent for North Coast Council affective the same date.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. LEECA recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

Section 3313.92 Ohio Revised Code, required the ESC to act as the fiscal agent for LEECA until January 31, 2014 when all remaining funds were transferred to North Coast Council. All collections were remitted to either the Treasurer or to a local depository for deposit. All disbursements are made by check prepared by the Treasurer, and drawn on deposits held in the name of the ESC. The Treasurer pools all funds for investment purposes. Pooled cash and investments held by the fiscal agent for LEECA as of June 30, 2013 was \$300,000 and by January 31, 2014, zero dollars.

D. Budgetary Process

LEECA is not bound by the budgetary laws prescribed by the Ohio Revised Code. LEECA does adopt a budget annually. Appropriation amendments and transfers are approved by the Executive Committee during the year as required.

E. Fund Accounting

LEECA uses fund accounting to segregate cash and investments that are restricted as to use, if applicable. LEECA classifies its fund as an 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.

**LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JANUARY 31, 2014 AND JUNE 30, 2013**

F. Property, Plant, and Equipment

LEECA records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

There were no employees of record for fiscal years ended June 30, 2013 and January 31, 2014.

2. Budgetary Activity

Budgetary activity for the years ending January 31, 2014 and June 30, 2013 follows:

Budgeted vs. Actual Receipts		
	2014	2013
Budgeted Receipts	\$ 6,472	\$ 329,132
Actual Receipts	6,472	67,675
Variance	\$ 0	\$ (261,457)

Budgeted vs. Actual Budgetary Basis Expenditures		
	2014	2013
Appropriation Authority	\$ 948,028	\$ 2,251,862
Budgetary Expenditures	948,028	1,990,405
Variance	\$ 0	\$ 261,457

3. Retirement Systems

LEECA's employees belong to the School Employees Retirement System (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 the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, SERS members contributed 10 percent of their gross salaries. LEECA contributed an amount equal to 14 percent of participants' gross salaries. LEECA has paid all contributes required through January 31, 2014.

**LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JANUARY 31, 2014 AND JUNE 30, 2013**

4. Risk Management

A. Commercial Insurance

The ESC obtained commercial insurance, which includes coverage for LEECA effective for FY2013, for the following risks:

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

LEECA inventory was transferred to NCC for fiscal year 2014.

B. Employee Medical Benefits

There were no employees of record for fiscal years ended January 31, 2014 and June 30, 2013.

5. Merged Operations

On June 28, 2011, North Coast Council (formerly known as LNOCA) and LEECA entered into a cooperative service agreement where all LEECA members would become members of NCC on or before July 1, 2012. Also, as part of this agreement it is the intent of LEECA and NCC to combine to create one organization. The agreement also states that on or before July 1, 2016 LEECA will cease performing any and all services that are the same, similar, or related to any of the services performed by NCC. Within thirty (30) day of such cessation of services, LEECA shall transfer to NCC all of it remaining funds, property, and other assets.

At the June 4, 2012 LEECA board meeting a resolution was accepted to approve the fiscal agent for LEECA funds to be transferred from the ESC to the Educational Service Center of Cuyahoga County effective July 1, 2012. Also, the resolution passed directed the ESC to transition all LEECA financial assets to the Educational Service Center of Cuyahoga County as agreed upon by the two fiscal agents.

The last of LEECA funds held by the ESC were transferred to NCC by January 31, 2014. The transfer payments to NCC are recorded as *Other Non-Operating Cash Disbursements* on LEECA'S financial statements and total \$948,028 and \$1,840,580; respectively, for 2014 and 2013.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

North Coast Council
Cuyahoga County
5700 West Canal Road
Valley View, Ohio 44125

Lorain County Educational Service Center
Lorain County
1885 Lake Avenue
Elyria, Ohio 44035

The Board of Directors and Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Lake Erie Educational Computer Association Council of Governments, Lorain County, (LEECA) as of and for the years ended January 31, 2014 and June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated January 14, 2015, wherein we noted LEECA followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted that LEECA merged with Lakeshore Northeast Ohio Computer Association and became known as North Coast Council on July 1, 2012. LEECA ceased operations and all funds, property and other assets were transferred to North Coast Council by January 31, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered LEECA's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the LEECA's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of LEECA's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether LEECA's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of LEECA's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering LEECA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Dave Yost
Auditor of State
Columbus, Ohio

January 14, 2015



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LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION

LORAIN 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
JANUARY 27, 2015**