



Dave Yost • Auditor of State

**LAKE GEAUGA COMPUTER ASSOCIATION
LAKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) Proprietary Fund Type - For the Years Ended June 30, 2014 and 2013	3
Notes to the Financial Statement.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	7

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Lake Geauga Computer Association
Lake County
8221 Auburn Road
Concord Township, Ohio 44077

To the Executive Committee:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Lake Geauga Computer Association, Lake County, (the Association) as of and for the years ended June 30, 2014 and 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 the Association'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 Association'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, the Association 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 the Association as of June 30, 2014 and 2013, or changes in financial position or cash flows 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 fund cash balances of Lake Geauga Computer Association, Lake County as of June 30, 2014 and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, 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 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 Association's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

January 30, 2015

**LAKE GEAUGA COMPUTER ASSOCIATION
LAKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	Enterprise	
	2014	2013
Operating Cash Receipts:		
Service Fees	\$2,655,056	\$2,624,426
Total Operating Cash Receipts	2,655,056	2,624,426
Operating Cash Disbursements:		
Salaries	797,314	804,637
Fringe Benefits	280,367	281,399
Purchased Services	1,508,125	1,356,916
Supplies and Materials	2,723	2,825
Capital Outlay	346,165	97,801
Other	25,927	31,311
Total Operating Cash Disbursements	2,960,621	2,574,889
Excess of Operating Receipts over/(under) Operating Disbursements	(305,565)	49,537
Non-Operating Cash Receipts		
Earnings on Investments	4,245	5,227
State Sources Receipts	188,023	202,849
Total Non-Operating Cash Receipts	192,268	208,076
Excess of Receipts Over/(Under) Disbursements	(113,297)	257,613
Fund Cash Balance, July 1	2,540,610	2,282,997
Fund Cash Balance, June 30	\$2,427,313	\$2,540,610

This page intentionally left blank.

**LAKE GEauga COMPUTER ASSOCIATION
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Empowered by Section 3313.92, Ohio Revised Code, the Lake Geauga Computer Association, Lake County, Ohio, (the Association) 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 the Association 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 Educational Service Center Treasurer is the fiscal agent for the Association.

The Association presently has eighteen member school districts. The Association's Assembly consists of the Superintendent and Treasurer of each member school district. The Assembly elects the Executive Committee which consists of six Superintendents from member school districts, including 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 Association's management believes these financial statements present all activities for which the Association 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

Section 3313.92, Ohio Revised Code, requires the Geauga County Educational Service Center to act as the fiscal agent of the Association. The Educational Service Center holds the Association's assets in its investment pool, valued at the Educational Service Center Treasurer's reported carrying amount. All collections are remitted to the Educational Service Center Treasurer for deposit and all disbursements are made by check prepared by the Educational Service Center Treasurer drawn on deposits held in the name of the Geauga County Educational Service Center.

The carrying amount of cash on deposit with the Geauga County Educational Service Center Treasurer as of June 30, 2014 and 2013 totaled \$2,427,313 and \$2,540,610, respectively.

D. Fund Accounting

The Association uses fund accounting to segregate cash and investments that are restricted as to use, if applicable. The Association 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 GEAUGA COMPUTER ASSOCIATION
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Association's basis of accounting.

G. Budgetary Process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Association does pass an annual budget. Appropriation amendments and transfers are approved by the Executive Committee during the year as required.

2. RELATED PARTY TRANSACTIONS

During the fiscal years ended June 30, 2014 and June 30, 2013, the Association rented office space from the Auburn Career Center. The Center provides certain administrative services, as well as custodial and maintenance services.

The Association received service fee contributions of \$2,655,056 for fiscal year 2014 and \$2,624,426 for fiscal year 2013 from the member school districts.

3. RETIREMENT SYSTEMS

The Association's employees are covered by 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 prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For fiscal years 2014 and 2013, members of SERS contributed 10 percent of their gross wages and the Association contributed an amount equal to 14 percent of participants' wages. The Association has paid all contributions required through June 30, 2014.

4. RISK MANAGEMENT

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions; and
- Fire and theft.

Full-time employees of the Association are also provided with health insurance and dental and vision coverage through a private carrier



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

Lake Geauga Computer Association
Lake County
8221 Auburn Road
Concord Township, Ohio 44077

To the Executive Committee:

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 Geauga Computer Association, Lake County, (the Association) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statement and have issued our report thereon dated January 30, 2015, wherein we noted the Association followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Association'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 the Association'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 the Association'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 the Association's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

January 30, 2015



Dave Yost • Auditor of State

LAKE GEauga COMPUTER ASSOCIATION

LAKE 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
FEBRUARY 12, 2015**