



**LAKE GEAUGA COMPUTER ASSOCIATION  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2002 & 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**LAKE GEAUGA COMPUTER ASSOCIATION  
LAKE COUNTY**

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Lake Geauga Computer Association  
Lake County  
8140 Auburn Road  
Concord Township, Ohio 44077

To the Executive Committee:

We have audited the accompanying financial statements of the Lake Geauga Computer Association, Lake County, Ohio, (the Association) as of and for the years ended June 30, 2002 and June 30, 2001. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Lake Geauga Computer Association, Lake County, Ohio, as of June 30, 2002 and June 30, 2001, and its combined 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 November 4, 2002 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 audits.

This report is intended solely for the information and use of the Finance Committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

November 4, 2002

**LAKE GEAUGA COMPUTER ASSOCIATION  
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Enterprise Fund</b>
<b>Operating Cash Receipts:</b>	
Service Fees	\$1,376,833
	1,376,833
<b>Operating Cash Disbursements:</b>	
Salaries	854,188
Fringe Benefits	242,744
Purchased Services	808,678
Supplies and Materials	8,431
Capital Outlay	137,081
Other	48,564
	2,099,686
Total Operating Cash Disbursements	2,099,686
Operating Gain (Loss)	(722,853)
<b>Non-Operating Cash Receipts</b>	
Earnings on Investments	16,212
State Sources Receipts	640,002
Refund of Prior Year's Expenditures	453
	656,667
Total Non-Operating Cash Receipts	656,667
Excess of Receipts Over/(Under) Disbursements	(66,186)
Fund Cash Balances, July 1, 2001	977,253
<b>Fund Cash Balances, June 30, 2002</b>	<b>\$911,067</b>

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

**LAKE GEauga COMPUTER ASSOCIATION  
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<b>Enterprise Fund</b>
<b>Operating Cash Receipts:</b>	
Service Fees	\$1,293,965
Total Operating Cash Receipts	1,293,965
<b>Operating Cash Disbursements:</b>	
Salaries	727,792
Fringe Benefits	211,986
Purchased Services	798,765
Supplies and Materials	4,379
Capital Outlay	99,344
Other	22,729
Total Operating Cash Disbursements	1,864,995
Operating Gain (Loss)	(571,030)
<b>Non-Operating Cash Receipts</b>	
Earnings on Investments	36,784
State Sources Receipts	886,377
Refund of Prior Year's Expenditures	2,610
Total Non-Operating Cash Receipts	925,771
Excess of Receipts Over/(Under) Disbursements	354,741
Fund Cash Balances, July 1, 2000	622,512
<b>Fund Cash Balances, June 30, 2001</b>	<b>\$977,253</b>

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

**LAKE GEauga COMPUTER ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001**

**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 of the member school 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 Association also serves on the Executive Committee.

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 Association's cash pool is deposited with the Geauga County Educational Service Center Treasurer. The cash 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 its June 30, 2002 and June 30, 2001 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 as of June 30, 2002 totaled \$911,068 and as of June 30, 2001 it totaled \$977,253.

**LAKE GEAUGA COMPUTER ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 Ohio Revised Code does not require the Association to be budgeted annually; however, the Association has established its own internal budget at the start of each fiscal year.

A summary of 2002 and 2001 budgetary activity appears in Note 6.

**2. RELATED PARTY TRANSACTIONS**

During the fiscal years ended June 30, 2002 and June 30, 2001, the Association rented office space from the Auburn Career Center. The Career Center provides certain administrative services, as well as custodial and maintenance services.

The Association received service fee contributions of \$1,293,965 for 2001 from the member school districts and \$1,376,833 for 2002.

**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 2002 and 2001, members of SERS contributed 9 percent of their wages to SERS. The Association contributed an amount equal to 14 percent of participants' wages. The Association has paid all contributions required through June 30, 2002 and June 30, 2001.

**LAKE GEAUGA COMPUTER ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

**4. RISK MANAGEMENT**

The Association has obtained commercial insurance for the following risks:

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

**5. CAPITAL LEASES**

In fiscal years 1999, 2001 and 2000, the Association entered into various capital leases for computers and related equipment. As of June 30, 2002, the remaining balances due are \$188,743.

**6. BUDGETARY ACTIVITY**

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise Funds	\$2,033,501	\$2,033,501	\$ -

2002 Budgeted vs. Actual Disbursements

Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise Funds	\$2,740,626	\$2,099,686	\$640,940

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise Funds	\$6,539,282	\$6,539,282	\$ -

2001 Budgeted vs. Actual Disbursements

Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise Funds	\$2,713,696	\$1,736,443	\$977,253

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

Lake Geauga Computer Association  
Lake County  
8140 Auburn Road  
Concord Township, Ohio 44077

To the Executive Committee:

We have audited the accompanying financial statements of the Lake Geauga Computer Association, Lake County, Ohio, (the Association) as of and for the years ended June 30, 2002 and June 30, 2001, and have issued our report thereon dated November 4, 2002. We conducted our audits 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 Association'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 audits 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 audits, we considered the Association'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.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

November 4, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
DECEMBER 5, 2002**