



**LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2001-2000**



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

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**STATE OF OHIO**



LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

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, 2001 and June 30, 2000. 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 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 audits provide a reasonable basis for our opinion.

As described 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 cash balance and reserve for encumbrances of the Licking Area Computer Association, Licking County, Ohio, as of June 30, 2001 and June 30, 2000, 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 18, 2001 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.

This report is intended solely for the information and use of the management, Board of Directors, Fiscal Advisory Committee and other officials authorized to receive this report under Section 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

September 18, 2001

**LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	<u><b>2001</b></u>	<u><b>2000</b></u>
<b>Operating cash receipts:</b>		
Charges for Services	\$1,371,487	\$848,227
Intergovernmental	<u>1,092,850</u>	<u>516,453</u>
Total Operating Cash Receipts	<u>2,464,337</u>	<u>1,364,680</u>
<b>Operating Cash Disbursements:</b>		
Personal Services	493,076	380,932
Employees' Retirement And Insurance	193,621	144,165
Purchased Services	663,222	280,510
Supplies and Materials	63,123	43,701
Capital Outlay	527,678	275,737
Pass Through	175,460	133,411
Other	<u>22,189</u>	<u>22,172</u>
Total Operating Cash Disbursements	<u>2,138,369</u>	<u>1,280,628</u>
Excess of Operating Receipts Over/(Under) Operating Disbursements	325,968	84,052
Cash Balances, July 1	<u>417,928</u>	<u>333,876</u>
<b>Cash Balances, June 30</b>	<u><b>\$743,896</b></u>	<u><b>\$417,928</b></u>
Reserve for Encumbrances, June 30	<u><u>\$475,704</u></u>	<u><u>\$177,546</u></u>

*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, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Licking Area Computer Association (the Association) is organized under Ohio Rev. Code Section 3313.92. The Association operates under a Board of Directors consisting of fourteen members from the participating state funded Consortium Member Superintendent 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 Treasurer (the District), 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 approves 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. Although the Association is not required by the Ohio Revised Code to reserve (encumber) appropriations when individual commitments are made, encumbrances are recorded and tracked by the Association's fiscal officer. As a result, encumbrances at year end are reflected in the financial statement presentation.

A summary of 2001 and 2000 budgetary activity appears in Note 2.

**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.

**LICKING AREA COMPUTER ASSOCIATION  
LICKING AREA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000  
(Continued)**

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

**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 basis of accounting used by the Association.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2001 and 2000 follows:

**Budgeted vs. Actual Receipts**

	<u>2001</u>	<u>2000</u>
Budgeted Receipts	\$2,784,481	\$1,364,680
Actual Receipts	<u>2,464,337</u>	<u>1,364,680</u>
Variance	<u>(\$320,144)</u>	<u>\$0</u>

**Budgeted vs. Actual Budgetary Basis Expenditures**

	<u>2001</u>	<u>2000</u>
Budgeted Expenditures	\$2,803,203	\$1,577,401
Actual Expenditures	<u>2,614,073</u>	<u>1,458,174</u>
Variance	<u>\$189,130</u>	<u>\$119,227</u>

**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 2001 and 2000, members of SERS contributed 9% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries. The Association has paid all contributions required through June 30, 2001.

**LICKING AREA COMPUTER ASSOCIATION  
LICKING AREA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000  
(Continued)**

**4. RISK MANAGEMENT**

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

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

The District pays the State Workers' Compensation System a premium based on a rate per \$100 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.

**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 District as its fiscal agent. The financial activity for LACA is reflected in the Agency Fund of the fiscal agent.

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

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

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, 2001 and June 30, 2000, and have issued our report thereon dated September 18, 2001. 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 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 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.

Licking Area Computer Association  
Licking 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 management, and Board of Directors, Fiscal Advisory Committee and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

September 18, 2001



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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 8, 2001**