



**LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2011-2010**



**Dave Yost • Auditor of State**



LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY

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# Dave Yost • Auditor of State

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

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Association to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Dave Yost**  
Auditor of State

November 18, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statement of Licking Area Computer Association, Licking County, Ohio, (the Association) as of and for the years ended June 30, 2011 and 2010. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on the financial statement 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Association has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Association to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2011 and 2010. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Association has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended June 30, 2011 and 2010 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of June 30, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance and reserves for encumbrances of the Licking Area Computer Association, Licking County, Ohio, as of June 30, 2011 and 2010, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Association has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

November 18, 2011



**LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$ 2,051,113	\$ 2,084,550
Intergovernmental	976,283	975,913
	<b>3,027,396</b>	<b>3,060,463</b>
<b>Operating Cash Disbursements:</b>		
Personal Services	906,904	903,425
Fringe Benefits	446,032	434,570
Purchased Services	1,014,984	978,041
Supplies and Materials	328,189	433,194
Capital Outlay	131,182	107,736
Other	21,602	26,050
	<b>2,848,893</b>	<b>2,883,016</b>
Total Operating Cash Disbursements		
Operating Income	178,503	177,447
Cash Balance, July 1	1,741,266	1,563,819
	<b>\$ 1,919,769</b>	<b>\$ 1,741,266</b>
<b>Cash Balance, June 30</b>		
Reserve for Encumbrances	<b>\$ 103,917</b>	<b>\$ 129,736</b>

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

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**LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Licking Area Computer Association, Licking County, Ohio (the Association), is organized under Ohio Revised Code Section 3313.92. 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 sixteen schools in Knox, Licking, and Muskingum counties.

**B. Basis of Accounting**

This financial statement follows the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The association recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

This statement adequately discloses material matters the Auditor of State prescribes or permits.

**C. Cash**

The Association's cash is held and invested by the Licking County Career and Technology Education Center's (the Center) Treasurer, who acts as custodian for Association monies. The Association's assets are held in the Center's cash and investment pool, and are valued at the Center'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 2011 and 2010 budgetary activity appears in Note 2.

**E. Property, Plant, and Equipment**

The association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**LICKING AREA COMPUTER ASSOCIATION  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2011 AND 2010  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2011 and June 30, 2010 follows:

Budgeted vs. Actual Receipts		
	2011	2010
Budgeted Receipts	\$3,002,186	\$2,945,002
Actual Receipts	3,027,396	3,060,463
Variance	\$25,210	\$115,461

Budgeted vs. Actual Budgetary Basis Expenditures		
	2011	2010
Appropriation Authority	\$3,039,756	\$3,103,756
Budgetary Expenditures	2,952,810	3,012,752
Variance	\$86,946	\$91,004

**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 2011 and 2010, SERS members contributed 10% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries though. The Association has paid all contributions required through June 30, 2011.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Licking County Career and Technology Education Center 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 Center pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The Center 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 STATEMENT  
JUNE 30, 2011 AND 2010  
(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 Career and Technology Education Center as its fiscal agent. The financial activity for LACA is reported on the Center's financial statements in an agency fund.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statement of the Licking Area Computer Association, Licking County, Ohio, (the Association) as of and for the years ended June 30, 2011 and June 30, 2010, and have issued our report thereon dated November 18, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of opining on the effectiveness of the Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association's internal control over financial reporting.

*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 more than a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion 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*.

We intend this report solely for the information and use of management and the Board of Directors, and others within the Association. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

November 18, 2011





# Dave Yost • Auditor of State

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  
DECEMBER 20, 2011