



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LAKE GEauga COMPUTER ASSOCIATION  
LAKE COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Executive Committee:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Lake Geauga Computer Association, Lake County, Ohio (the Association), which comprises the cash balances, receipts and disbursements for its proprietary fund type as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for its proprietary fund type as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Association on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Emphasis of Matter***

As discussed in Note 7 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Association. We did not modify our opinion regarding this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 3, 2023

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**Lake Geauga Computer Association**  
**Lake County, Ohio**

Statements of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis  
Proprietary Fund Type  
For the Years Ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Operating cash receipts:</b>		
Service Fees	\$ 2,287,743	\$ 2,031,757
E-Rate Reimbursement For Services	501,989	287,940
Miscellaneous	11,902	-
<b>Total operating cash receipts</b>	<b>2,801,634</b>	<b>2,319,697</b>
<b>Operating cash disbursements:</b>		
Salaries	959,214	1,039,737
Employee Fringe Benefits	321,001	413,920
Purchased Services	1,630,670	1,407,968
Supplies and Materials	1,504	2,949
Capital Outlay	21,033	44,664
Other	22,665	35,749
<b>Total operating cash disbursements</b>	<b>2,956,087</b>	<b>2,944,987</b>
Operating income (loss)	(154,453)	(625,290)
<b>Non-operating cash receipts and (cash disbursements):</b>		
Earnings on Investments	4,012	2,527
State Source Receipts	118,781	141,041
Refund of Prior Years Expenditures	-	44,868
<b>Total non-operating cash receipts and (cash disbursements)</b>	<b>122,793</b>	<b>188,436</b>
Net receipts over (under) disbursements	(31,660)	(436,854)
Fund cash balance, July 1	1,567,122	2,003,976
Fund cash balance, June 30	<b>\$ 1,535,462</b>	<b>\$ 1,567,122</b>

See accompanying notes to the basic financial statements.

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**Lake Geauga Computer Association**  
**Lake County, Ohio**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022 and 2021

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**Note 1 – Reporting Entity**

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The Lake Geauga Computer Association (the Association), Lake County, Ohio, 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 effectively for educational and administrative purposes. The Education Service Center of the Western Reserve Treasurer is the fiscal agent for the Association.

The Association presently has twenty member school districts. The Association’s Assembly consists of the Superintendent and Treasurer of each member school district. The Executive Committee consists of six Superintendents from member school districts, including the Superintendent of the fiscal agent, of Educational Service Center of Western Reserve, and the Superintendent from the user entity where the Association’s office is located, and five Treasurers selected by a vote of a majority of all Treasurers in the Assembly, plus the Treasurer of Association’s fiscal agent.

**Note 2 – Summary of Significant Accounting Policies**

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*Basis of Presentation*

The Association’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for proprietary fund type which are organized on a fund type basis.

*Fund Accounting*

The Association uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Association’s fund is presented below:

*Enterprise Funds* - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Association had the following Enterprise Fund:

*Lake Geauga Computer Association Fund* - This fund accounts for the provision of manage data for educational and administrative purposes to the member school districts located in the geographic area of the Association.

*Basis of Accounting*

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Executive Committee 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Lake Geauga Computer Association**  
**Lake County, Ohio**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022 and 2021

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*Deposits and Investments*

The Association's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

*Capital Assets*

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

*Accumulated Leave*

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The accompanying financial statements do not report these items as liabilities.

**Note 3 – Deposits and Investments**

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Section 3313.92 of the ORC, requires the Educational Service Center of the Western Reserve to act as 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 for carrying amount. The carrying amount of the Lake Geauga Computer Association deposits at June 30 was as follows:

	<u>2022</u>	<u>2021</u>
Demand Deposits	\$1,535,462	\$1,567,122

**Note 4 – Risk Management**

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*Commercial Insurance*

The Association has obtained commercial insurance for the following risks:

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

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

**Lake Geauga Computer Association**  
**Lake County, Ohio**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022 and 2021

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**Note 5 – Defined Benefit Pension Plans**

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*School Employees Retirement System*

All employees belong to the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. SERS members contributed 10% of their gross salaries and the Association contributed an amount equaling 14% of participants' gross salaries. The Association has paid all contributions required through June 30, 2022.

**Note 6 – Postemployment Benefits**

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SERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for SERS members was zero percent during calendar year 2022.

**Note 7 – COVID-19**

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The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Association. The impact on the Association's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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**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 the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the proprietary fund type as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements of the Lake Geauga Computer Association, Lake County, Ohio (the Association) and have issued our report thereon dated April 3, 2023, wherein we noted the Association followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Association.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 3, 2023



# OHIO AUDITOR OF STATE KEITH FABER



**LAKE GEAUGA COMPUTER ASSOCIATION**

**LAKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 5/4/2023**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)