



**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Ohio Mid-Eastern Regional Education Service Agency
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Board of Directors:

We have audited the accompanying financial statements of Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio, (the Agency) as of and for the years ended June 30, 1999 and June 30, 1998. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Agency 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 and reserves for encumbrances of the Agency as of June 30, 1999 and June 30, 1998, 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 June 22, 2000 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Board 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".

Jim Petro
Auditor of State

June 22, 2000

**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Operating Cash Receipts:		
Intergovernmental Revenues	\$1,289,972	\$1,334,678
Earnings on Investments	43,998	49,326
	1,883,910	1,714,865
Total Operating Cash Receipts		
Person Services	696,506	552,081
Employees Retirement and Insurance	246,244	184,660
Purchased Services	741,104	503,751
Supplies and Materials	28,458	17,714
Capital Outlay	355,995	525,573
Capital Outlay - Replacement	16,076	10,387
Other Objects	28,448	19,294
	2,112,831	1,813,460
Total Operating Cash Disbursements		
Operating Income/(Loss)	(228,921)	(98,595)
Non-Operating Cash Receipts:		
Refund of Prior Year Expenditures	11,507	566
	11,507	566
Total Non-Operating Cash Receipts		
Non-Operating Cash Disbursements:		
Refund of Prior Year Receipts	12,986	1,200
Other Uses	1,256	2,146
	14,242	3,346
Total Non-Operating Cash Disbursements		
Net Receipts Over Disbursements	(231,656)	(101,375)
Cash Balances, January 1	767,650	869,025
Cash Balances, December 31	\$535,994	\$767,650
Reserve for Encumbrances, December 31	\$89,918	\$198,301

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

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**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999 AND JUNE 30, 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, (the Agency) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Agency is directed by an appointed ten-member Board of Directors made up of one Superintendent representative from each county within the geographical "A" site area. The Jefferson County Board of Education acts as fiscal agent for the Agency. The Agency provides a shared computer service site to develop and implement an efficient and effective computer system to meet the needs of its members.

The Agency's management believes these financial statements present all activities for which the Agency 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. 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 and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. 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.

E. 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.

**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999 AND JUNE 30, 1998**

2. EQUITY IN CASH AND INVESTMENTS

The Jefferson County Educational Service Center is fiscal agent for the Agency. The Service Center maintains a cash and investment pool used by all funds. Service Center funds on deposit as of June 30, 1999 and June 30, 1998 were fully collateralized as defined under Ohio Revised Code - 135.37.

3. RETIREMENT SYSTEMS

All employees of the Agency belong to the State Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1999 and 1998, SERS members contributed 9% of their gross salaries. The Agency contributed an amount equal to 14% of participants' gross salaries. The Agency has paid all contributions required through June 30, 1999.

4. RISK MANAGEMENT

The Agency has obtained commercial insurance for the following risks:

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

The Agency also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Ohio Mid-Eastern Regional Education Service Agency
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Board of Directors:

We have audited the accompanying financial statements of Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio (the Agency), as of and for the years ended June 30, 1999 and June 30, 1998, and have issued our report thereon dated June 22, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 Agency'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 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Agency in a separate letter dated June 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency'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 for the information and use of the audit committee, management, and the Board of Directors, 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY

JEFFERSON 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
AUGUST 1, 2000**