



**Auditor of State
Betty Montgomery**

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the financial statements of the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio, (the Agency) as of and for the years ended June 30, 2004 and 2003. 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 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 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 fund cash balances and reserves for encumbrances of the Ohio Mid-Eastern Regional Education Service Agency as of June 30, 2004 and 2003 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 January 28, 2005 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. 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 audit committee, management, Board of Directors 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 28, 2005

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	2004	2003
Cash Receipts:		
Earnings on Investment	\$5,709	\$14,252
Membership Contributions	1,756,878	1,380,566
Restricted Grants in Aid	1,694,215	841,183
Refund of Prior Year Expenditures	15,669	58,884
Other Receipts		13,559
	3,472,471	2,308,444
Cash Disbursements:		
Personal Services	998,463	980,681
Fringe Benefits	495,234	426,137
Purchased Services	1,416,502	773,721
Supplies and Materials	22,584	32,597
Capital Outlay	293,336	69,613
Other Expense	151,709	89,850
Pass Through	98,096	
	3,475,924	2,372,599
Total Receipts Over/(Under) Disbursements	(3,453)	(64,155)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,453)	(64,155)
Fund Cash Balances, January 1	295,320	359,475
Fund Cash Balances, December 31	\$291,867	\$295,320
Reserves for Encumbrances, December 31	\$35,236	\$17,829

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The 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. 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.

D. 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 Agency's basis of accounting.

2. EQUITY IN POOLED CASH

The Jefferson County Education Center (ESC) acts as fiscal agent for the Agency. The ESC maintains a cash and investment pool used by all funds and activities and does not account for nor report separately the amounts of deposits and investments the ESC maintains solely for OME RESA. However, the ESC follows the provisions of the Ohio Revised Code that prescribes allowable deposits and investments of public funds.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

3. RETIREMENT SYSTEMS

The Agency's teaching employees belong to the State Teachers Retirement System (STRS) of Ohio. Other employees belong to the State Employees Retirement System (SERS) of Ohio. STRS and SERS are cost-sharing, multiple-employer plans. These plans provide 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 2004 members of STRS contributed 10% of their gross salaries to STRS. For 2003, members of STRS contributed 9.3% of their gross salaries to STRS. The Agency contributed an amount equal to 14% of the participants' gross salaries. For 2004, SERS members contributed 10% of their gross salaries to SERS. For 2003 members contributed 9% of their gross salaries to SERS. The Agency contributed an amount equal to 14% of the participants' gross salaries. The Agency has paid all contributions required through June 30, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Agency has obtained commercial insurance for the following risks:

- Comprehensive property and general liability:
- Vehicle; and
- Errors and omissions

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT 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 financial statements of the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio (the Agency) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated January 28, 2005. 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 *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 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 test disclosed no instances of noncompliance we are required to report under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting 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 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 the 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. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the Agency's management in a separate letter dated January 28, 2005.

Ohio Mid-Eastern Regional Education Service Agency
Jefferson County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*

This report is intended solely for the information and use of management, and the audit committee 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 28, 2005



**Auditor of State
Betty Montgomery**

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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
MAY 5, 2005**