



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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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 the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County (the Agency) as of and for the years ended June 30, 2002, 2001, and 2000. 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, 2002, 2001 and 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 October 15, 2002 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, the Board of Directors, 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

October 15, 2002

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED JUNE 30, 2002, 2001 AND 2000**

	2002	2001	2000
Cash Receipts:			
Earnings on Investments	\$21,546	\$48,674	\$46,750
Membership Contributions	1,218,144	846,191	605,140
Restricted Grants in Aid	1,061,038	1,339,616	1,162,867
Refund of Prior Years Expenditures	120,285	70,034	3,559
Total Cash Receipts	2,421,013	2,304,515	1,818,316
Cash Disbursements:			
Personal Services	918,800	831,298	803,870
Fringe Benefits	359,777	309,748	278,711
Purchased Services	1,000,155	726,685	788,902
Supplies and Materials	25,176	29,190	32,822
Capital Outlay	170,604	222,733	102,293
Other Expenses	39,493	24,893	30,042
Refund of Prior Years Receipts		3,140	22,032
Total Cash Disbursements	2,514,005	2,147,687	2,058,672
Excess of Cash Receipts Over (Under) Cash Disbursements	(92,992)	156,828	(240,356)
Fund Cash Balances, July 1	452,467	295,639	535,995
Fund Cash Balances, June 30	\$359,475	\$452,467	\$295,639
Reserve for Encumbrances, June 30	\$81,956	\$26,936	\$57,229

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, 2002, 2001, AND 2000**

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 AND INVESTMENTS

The Jefferson County Education Service Center (ESC) acts as fiscal agent for the Agency. The ESC maintains a cash and investments 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 CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002, 2001, AND 2000
(Continued)**

3. RETIREMENT SYSTEM

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 plan. 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 2002, 2001, and 2000, members of STRS contributed 9.3% of their gross salaries to STRS. The Agency contributed an amount equal to 14% of participants' gross salaries. SERS members contributed 9% of their gross salaries to SERS. The Agency contributed an amount equal to 14% of participants' gross salaries. The Agency has paid all contributions required through June 30, 2002.

4. 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 provides health insurance, 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 financial statements of the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County (the Agency) as of and for the years ended June 30, 2002, 2001, and 2000, and have issued our report thereon dated October 15, 2002. 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 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 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 solely 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

October 15, 2002



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
DECEMBER 5, 2002**