



OHIO AUDITOR OF STATE
KEITH FABER



**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY
JEFFERSON COUNTY
JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Ohio Mid-Eastern Regional Education Service Agency
Jefferson County
2230 Sunset Boulevard, Suite 2
Steubenville, Ohio 43952

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio (the Agency), which comprises the cash balances, receipts and disbursements for the general fund 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 the general fund 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 Agency, as of June 30, 2022 and 2021, or the changes in financial position 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 Agency, 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 Agency 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 Notes 9 and 10 to the June 30, 2022 and 2021 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Agency. 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 Agency'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 Agency'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 Agency'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 December 8, 2022, 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 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 Agency'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 Agency's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 8, 2022

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Ohio Mid-Eastern Regional Education Service Agency
Jefferson County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
General Fund
For the Year Ended June 30, 2022

	General
Cash Receipts	
Membership Contributions	\$ 3,019,512
Intergovernmental	2,380,932
Earnings on Investments	535
Rental	72,348
Miscellaneous	9,500
<i>Total Cash Receipts</i>	5,482,827
Cash Disbursements	
Current:	
Support Service:	
Business	
Other	7,170
Operation and Maintenance of Plant	
Salaries	29,873
Employee Fringe Benefits	4,527
Central	
Salaries	1,406,377
Employee Fringe Benefits	609,021
Purchased and Contracted Services	3,114,788
Supplies and Materials	16,514
Capital Outlay	223,936
Other	47,208
<i>Total Cash Disbursements</i>	5,459,414
<i>Excess of Receipts Over Disbursements</i>	23,413
Other Financing Receipts	
Sale of Capital Assets	11,867
<i>Net Change in Fund Cash Balances</i>	35,280
<i>Fund Cash Balances, January 1</i>	2,073,822
<i>Fund Cash Balances, December 31</i>	\$2,109,102

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

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Note 1 – Reporting Entity

The Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio, (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 was established as a Regional Council of Governments pursuant to Ohio Revised Code Section 167. The Agency is directed by an appointed fourteen-member Board of Directors made up of 11 Superintendent Representatives, one from each county within the geographical Information Technology Center site area, a Joint Vocational School representative, the fiscal agent Superintendent or Treasurer and a Treasurer appointed by the Fiscal Advisory Committee. The Agency provides a shared technology services site to develop and implement an efficient and effective technology and cooperative purchasing services 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Agency’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (cash basis) for the general fund.

Fund Accounting

The Agency 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 general fund of the Agency is presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Agency for any purpose provided it is expended or transferred according to the general laws of Ohio.

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

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(C) permit.

Budgetary Process

The Agency is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Agency does pass an annual budget for the fiscal year. Modifications to the budget are approved by the Board when necessary.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Deposits and Investments

The Agency'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 Agency 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, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Agency must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Agency classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The Agency must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications.

The Agency applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 7.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Leases

For fiscal year 2022, GASB Statement No.87, Leases was effective. This GASB pronouncement had no effect on beginning fund balance.

The Agency is the lessor/lessee in various leases related to building, vehicles, and other equipment under noncancelable leases. Lease receivables/payables are not reflected under the Agency's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

Note 3 – Deposits and Investments

The Agency maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	<u>2022</u>
Demand deposits	<u><u>\$2,109,102</u></u>

Protection of the Agency's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 - Risk Management

Commercial Insurance

The Agency has obtained commercial insurance for the following risks:

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

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

Workers' Compensation coverage is provided by the State of Ohio. The Agency pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Ohio Mid-Eastern Regional Education Service Agency
Jefferson County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 5 – Defined Benefit Pension Plan

The Agency’s 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 percent of their gross salaries and the Agency contributed an amount equaling to 14 percent of participants’ gross salaries. The Agency has paid all contributions required through June 30, 2022.

Note 6 – Postemployment Benefits

SERS offers a cost-sharing, multiple-employer defined postemployment plan, which includes hospitalization and physicians’ fees through several types of plans including HMO’s, PPO’s, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2022, no allocation of covered payroll was allocated to health care.

Note 7 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$174,696</u>

In the general fund, outstanding encumbrances are considered assigned.

Note 8 - Contingent Liabilities

Amounts grantor agencies pay to the Agency are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Note 9 – COVID-19

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, 2021 while the national state of emergency continues. The Agency's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Agency. In addition, the impact on the Agency's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimate

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Ohio Mid-Eastern Regional Education Service Agency
Jefferson County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
General Fund
For the Year Ended June 30, 2021

	General
Cash Receipts	
Membership Contributions	\$ 2,764,377
Intergovernmental	2,400,045
Earnings on Investments	927
Rentals	72,348
	5,237,697
<i>Total Cash Receipts</i>	<i>5,237,697</i>
Cash Disbursements	
Current:	
Support Service:	
Business	
Other	7,145
Operation and Maintenance of Plant	
Salaries	27,700
Employee Fringe Benefits	4,854
Capital Outlay	646
Central	
Salaries	1,217,927
Employee Fringe Benefits	580,203
Purchased and Contracted Services	2,774,024
Supplies and Materials	13,692
Capital Outlay	332,479
Other	57,714
	5,016,384
<i>Total Cash Disbursements</i>	<i>5,016,384</i>
<i>Excess of Receipts Over Disbursements</i>	<i>221,313</i>
Other Financing Receipts	
Sale of Capital Assets	11,867
	11,867
<i>Net Change in Fund Cash Balances</i>	<i>233,180</i>
<i>Fund Cash Balances, January 1</i>	<i>1,840,642</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,073,822</i>

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

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 1 – Reporting Entity

The Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio, (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 was established as a Regional Council of Governments pursuant to Ohio Revised Code Section 167. The Agency is directed by an appointed fourteen-member Board of Directors made up of 11 Superintendent Representatives, one from each county within the geographical Information Technology Center site area, a Joint Vocational School representative, the fiscal agent Superintendent or Treasurer and a Treasurer appointed by the Fiscal Advisory Committee. The Agency provides a shared technology services site to develop and implement an efficient and effective technology and cooperative purchasing services 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Agency’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (cash basis) for the general fund.

Fund Accounting

The Agency 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 fund of the Agency is presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Agency for any purpose provided it is expended or transferred according to the general laws of Ohio.

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

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(C) permit.

Budgetary Process

The Agency is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Agency does pass an annual budget for the fiscal year. Modifications to the budget are approved by the Board when necessary.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Deposits and Investments

The Agency'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 Agency 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, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Agency must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Agency classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The Agency must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board of Directors or an Agency official delegated that authority by resolution, or by State Statute. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

The Agency applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 7.

Note 3 – Deposits and Investments

The Agency maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	<u>2021</u>
Demand deposits	<u>\$2,073,822</u>

Protection of the Agency’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 - Risk Management

Commercial Insurance

The Agency has obtained commercial insurance for the following risks:

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

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

Workers’ Compensation coverage is provided by the State of Ohio. The Agency pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 5 – Defined Benefit Pension Plan

The Agency’s 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 percent of their gross salaries and the Agency contributed an amount equaling to 14 percent of participants’ gross salaries. The Agency has paid all contributions required through June 30, 2021.

Note 6 – Postemployment Benefits

SERS offers a cost-sharing, multiple-employer defined postemployment plan, which includes hospitalization and physicians’ fees through several types of plans including HMO’s, PPO’s, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2021, no allocation of covered payroll was allocated to health care.

Note 7 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u><u>\$124,125</u></u>

In the general fund, outstanding encumbrances are considered assigned.

Note 8 - Contingent Liabilities

Amounts grantor agencies pay to the Agency are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Ohio Mid-Eastern Regional Education Service Agency

Jefferson County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Agency. The Agency's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Agency's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ohio Mid-Eastern Regional Education Service Agency
Jefferson County
2230 Sunset Boulevard, Suite 2
Steubenville, Ohio 43952

To the Board of Directors:

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, the financial statements of the cash balances, receipts, and disbursements for the general fund as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements of the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, (the Agency) and have issued our report thereon dated December 8, 2022, wherein we noted the Agency followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit, and we also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Agency.

Report on Internal Control Over Financial Reporting

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



Keith Faber
Auditor of State
Columbus, Ohio

December 8, 2022



Ohio Mid-Eastern Regional Education Service Agency

2230 Sunset Boulevard, Suite 2 Steubenville, OH 43952

Phone: 740-283-2050 ▪ Fax: 740-283-1500

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness- Financial Reporting	Not Corrected	Re-Issued in the Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY

JEFFERSON 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 12/27/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov