



OHIO AUDITOR OF STATE
KEITH FABER



**METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION
MARION COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Metropolitan Educational Technology Association
Marion County
100 Executive Drive
Marion, Ohio 43302

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 Metropolitan Educational Technology Association, Marion County, Ohio (the Association), which comprises the cash balances, receipts and disbursements for the proprietary fund type and the fiduciary fund type as of and for the year ended June 30, 2022, 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 proprietary fund type and the fiduciary fund type as of and for the year ended June 30, 2022, 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 1.

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, or the changes in financial position thereof for the year 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 1 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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 December 15, 2022, 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

December 15, 2022

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META Solutions

Statement of Receipts, Disbursements, and
Changes in Fund Balances (Regulatory Cash Basis)
Enterprise Fund
For the Fiscal Year Ended June 30, 2022

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 20,877,166
Member Premiums	2,986,650
Miscellaneous	602,986
Total Operating Cash Receipts	<u>24,466,802</u>
Operating Cash Disbursements	
Salaries	8,445,006
Employee Fringe Benefits	3,167,593
Purchased Services	7,648,579
Supplies and Materials	5,866,499
Claims	2,854,529
Miscellaneous	585,937
Total Operating Cash Disbursements	<u>28,568,143</u>
Operating Loss	(4,101,341)
Non-Operating Cash Receipts (Disbursements)	
Intergovernmental	5,734,706
Earnings on Investments	40,520
Sale of Assets	115,311
Capital Outlay	(424,525)
Debt Service:	
Principal Retirement	(288,794)
Interest and Fiscal Charges	(28,683)
Total Non-Operating Cash Receipts (Disbursements)	<u>5,148,535</u>
Net Change in Fund Balance	1,047,194
Fund Cash Balance, July 1	<u>12,262,049</u>
Fund Cash Balance, June 30	<u>\$ 13,309,243</u>

See accompanying notes to the financial statements.

META Solutions

Statement of Additions, Deductions, and
Changes in Fund Balances (Regulatory Cash Basis)
Custodial Fund
For the Fiscal Year Ended June 30, 2022

	<u>Custodial</u>
Additions	
Amounts Received for Member Premiums	<u>\$ 3,602,819</u>
Total Additions	<u>3,602,819</u>
Deductions	
Distributions on Behalf of Memebers	<u>3,602,819</u>
Total Deductions	<u>3,602,819</u>
Net Change in Fund Balance	-
Fund Cash Balance, July 1	<u>187,496</u>
Fund Cash Balance, June 30	<u><u>\$ 187,496</u></u>

See accompanying notes to the financial statements.

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Metropolitan Educational Technology Association or META, (the Association) is a Regional Council of Governments pursuant to Chapter 167 of the Ohio Rev. Code. The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves hundreds of schools throughout Ohio. The Association operates under a Board of Directors consisting of 13 members.

META was formed on April 1, 2015 through the merger of Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). On January 1, 2016, the Association merged operations with the Southeastern Ohio Voluntary Education Cooperative, Athens County (SEOVEC), and on April 1, 2016, the Association merged with the Metropolitan Dayton Educational Cooperative Association (MDECA). These mergers were facilitated through agreements to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. The result will maximize savings for member districts by providing continuous service, broadening portfolio offerings, and leveraging increased buying power.

COMPONENT UNIT

Component units are legally separate organizations for which the Association is financially accountable. The Association is financially accountable for an organization if the Association appoints a voting majority of the organization's governing board and (1) the Association is able to significantly influence the programs or services performed or provided by the organization; or (2) the Association is legally entitled to or can otherwise access the organization's resources; the Association is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Association is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Association in that the Association approves the budget or issues debt. There are no component units of the Association.

The Association's management believes these financial statements presents all activities for which the Association is financially accountable.

B. Basis of Presentation

The Association's financial statements consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund and a statement of additions, deductions, and changes in fund balances (regulatory cash basis) for the fiduciary fund.

C. 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 funds of the Association are presented below:

Enterprise 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 Associations operations are presented in a single enterprise fund.

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

Fiduciary Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Association disburses these funds as directed by the individual, organization or other government. The Association had the following Fiduciary Fund:

Employee Benefits Insurance – This fund receives monies for insurance premiums by various participating members. Collections are then remitted to the appropriate provider on a monthly basis.

D. Basis of Accounting

These financial statements follows 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 Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statement includes 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.

E. Budgetary Process

The Association is not subject to budgetary laws prescribed by the Ohio Revised Code.

F. 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.

U.S. Treasury Notes, U.S. Treasury Bonds, negotiable certificates of deposit, commercial paper, federal agency securities, and municipal bonds are valued at cost and money market mutual funds are recorded at share values the mutual funds report. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Association measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

G. 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.

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

H. 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.

I. Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activity of the Association. These cash receipts are charges for services provided. Operating cash disbursements are necessary costs incurred to provide the goods and/or services that are the primary activity of the fund. For the Association, these disbursements are for personal services, fringe benefits, purchased services, and any other operating related disbursements which support the operation of the Association. All cash receipts and cash disbursements not meeting this definition are reported as non-operating.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Association maintains a deposit and investment 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:

Demand deposits	\$ 2,310,945
Total deposits	<u>2,310,945</u>
STAR Ohio	4,163,551
Money Market	25,229
Commercial Paper	493,124
U.S Treasury Bonds/Notes	811,852
Federal Agency Securities	5,355,683
Municipal Bonds	100,768
Negotiable Certificates of Deposit	<u>235,587</u>
Total investments	<u>11,185,794</u>
Total deposits and investments	<u>\$ 13,496,739</u>

A. Deposits

Protection of the Association'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.

At June 30, 2022, \$1,948,632 of deposits were not insured; however, the amount is collateralized.

B. Investments

The Federal Reserve holds the Association's U.S. Treasury Notes in book-entry form in the name of the Association's financial institution. The financial institution maintains records identifying the Association as owner of these securities.

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

Investments in STAR Ohio and money market funds are not evidenced by securities that exist in physical or book-entry form.

NOTE 3 - RISK MANAGEMENT

A. Commercial Insurance

The Association has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in insurance coverage in fiscal year 2022 from fiscal year 2021.

Workers' Compensation coverage is provided by the State of Ohio. The Association 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 (if material). In addition, the Association provides health insurance to full time employees through private carriers.

B. Dental Insurance Consortium

The Association operates a dental insurance consortium for those members who wish to participate. Payments are made by members to the Association for monthly dental insurance premiums and administrative charges. The Association has contracted with a third-party administrator to process and pay dental benefit claims incurred by its members. The Association's third-party administrator for the year ended June 30, 2022 was Delta Dental. The Association approves monthly payments to the third-party administrator for actual insurance claims processed and administrative charges incurred on behalf of the members. If the members aggregate contributions less expenses cause it to have a negative cash balance, the Association shall promptly notify in writing each member of any additional funds necessary to correct the deficiency. Whereupon each member shall appropriate (pursuant to Chapter 5705 of the Revised Code) the amount stated in that notice and remit the same to the Association within the time periods determined by the Association.

A comparison of Self Insurance Fund cash and investments to the actuarially-measured liability as of June 30 is as follows:

	2022	2021	2020
Cash and Investments	\$ 632,552	\$ 645,203	\$ 586,994
Actuarial Liability	78,800	71,400	48,900

C. META Solutions Group Health Benefits Plan

The Association participates in a self-funded medical insurance program administered by UMR with prescriptions provided through Optum Rx. The program is a partially self-funded program for medical and pharmacy and is protected by both individual stop loss coverage of \$75,000 per member as well as group aggregate stop loss coverage. The employees make contributions through payroll deductions. The Association receives monthly invoices from UMR for the administrative charges and weekly invoices for

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

the claim costs. The Association offers 75 percent coverage for the PPO with single monthly coverage of \$589 and family monthly coverage of \$1,560. The Association also covers 90 percent for HSA with \$553 and \$1,467 for single and family monthly coverage, respectively.

A comparison of Self Insurance Fund cash and investments to the actuarially-measured liability as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Actuarial Liability	\$ 170,900	\$ 121,900
Cash and Investments	364,503	709,669

NOTE 4 - DEFINED BENEFIT PENSION PLANS

Plan Description - School Employees Retirement System (SERS)

Plan Description – Association non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	<u>Eligible to Retire on or before August 1, 2017 *</u>	<u>Eligible to Retire on or after August 1, 2017</u>
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

Metropolitan Educational Technology Association

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2022.

Pension payments to SERS during the fiscal year totaled \$1,308,293.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Association licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2022 contribution rates were equal to the statutory maximum rates.

Pension payments to STRS during the fiscal year totaled \$12,664.

NOTE 5 - DEFINED BENEFIT OPEB PLANS

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Association contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. Health care payments to SERS, including the surcharge, during fiscal years 2022, 2021 and 2020 were \$1,420, \$0 and \$45,111, respectively.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

NOTE 6 – DIRECT BORROWINGS

The Association has financed the purchase of technology equipment, computer storage, networking equipment, and telephone equipment.

Due to the Association reporting on the regulatory cash basis of accounting, the accompanying technology equipment, computer storage, networking equipment, and telephone equipment are not reflected as assets and liabilities within the accompanying financial statements. Principal and interest payments associated with outstanding obligations are paid from the resources of the Association.

During fiscal year 2022, the Association made lease payments totaling \$288,794 in principal and \$28,683 in interest.

Future payments are as follows:

Fiscal Year Ending June 30	Payments	Interest
2023	\$ 302,795	\$ 14,681

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 7 - CONTINGENCIES

Grants

Amounts grantor agencies pay to the Association 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.

NOTE 8 - SUBCONTRACT AGREEMENT

On January 1, 2016, the Association executed a Merger Agreement with the South Central Ohio Computer Association (SCOCA), with the Association continuing as the surviving entity, to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. With the execution of the Merger Agreement, all SCOCA employees became employees of the Association.

On April 25, 2016, the Association executed a Subcontract Agreement with SCOCA that replaced the Merger Agreement executed on January 1, 2016. In accordance with the Subcontract Agreement, the merger with SCOCA was postponed until all of SCOCA's pre-Merger Agreement debts, obligations, and liabilities are fully satisfied, and the Association agreed to perform all work and do all things necessary to perform the information technology services on behalf of SCOCA to SCOCA's member districts.

On October 31, 2017, the Association executed an Asset Purchase Agreement with SCOCA whereas the Association purchased substantially all of SCOCA's assets, except items specifically excluded in Section 1.2 of the Asset Purchase Agreement. As consideration for the sale, conveyance, and transfer of the purchased assets, the Association assumed the liabilities of SCOCA, as detailed in Exhibit 2.1 of the Asset Purchase Agreement. As of November 3, 2017, the balance that remained in SCOCA's bank account is to be utilized to address the liabilities that SCOCA retained per Section 2.1 of the Asset Purchase Agreement.

NOTE 9 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the Association has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the Association's financial statements; however, there was no effect on beginning net position/fund balance.

Metropolitan Educational Technology Association

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022*

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the Association.

GASB Statement No. 97 focuses on more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Association.

NOTE 10 – 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 will impact subsequent periods of the Association. The Association'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 Association's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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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

Metropolitan Educational Technology Association
Marion County
100 Executive Drive
Marion, Ohio 43302

To the Board of Directors:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the proprietary fund type and the fiduciary fund type as of and for the year ended June 30, 2022 and the related notes to the financial statements of the Metropolitan Educational Technology Association, Marion County, (the Association) and have issued our report thereon dated December 15, 2022, wherein we noted the Association followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 purposes 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

December 15, 2022

OHIO AUDITOR OF STATE KEITH FABER



METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION

MARION 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 1/3/2023

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov