



**SHARED RESOURCE CENTER
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**SHARED RESOURCE CENTER
MONTGOMERY COUNTY
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Shared Resource Center
Montgomery County
200 South Keowee Street
Dayton, Ohio 45402

To the Board of Trustees:

Report on the Audit of the Financial Statement

Unmodified and Adverse Opinions

We have audited the financial statement of the Shared Resource Center, Montgomery County, Ohio (the Center), which comprises the cash balance, receipts and disbursements for the proprietary fund type as of and for the fiscal 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 statement referred to above present fairly, in all material respects, the cash balance, receipts and disbursements for the proprietary fund type as of and for the fiscal 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 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 statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center, as of June 30, 2022, or the changes in financial position or, where applicable, cash flows thereof for the fiscal year then ended.

Basis for Opinion

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 Center, 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the financial statement is prepared by the Center 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 statement 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 Note 8 to the financial statement, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Center. Our opinion is not modified with respect to 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 Center'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 Center'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 Center'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 April 6, 2023, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 6, 2023

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Shared Resource Center
Montgomery County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2022

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,467,588
Miscellaneous	196,543
<i>Total Operating Cash Receipts</i>	2,664,131
Operating Cash Disbursements	
Salaries	1,578,395
Employee Fringe Benefits	527,059
Purchased and Contracted Services	229,808
Supplies and Materials	7,160
Other	86,115
<i>Total Operating Cash Disbursements</i>	2,428,537
<i>Operating Income</i>	235,594
<i>Fund Cash Balances, January 1</i>	70,611
<i>Fund Cash Balances, December 31</i>	\$306,205

See accompanying notes to the basic financial statement.

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Shared Resource Center
Montgomery County
Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2022

Note 1 – Reporting Entity

The Shared Resource Center (the Center), Montgomery County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. An appointed three-member Board directs the Center.

The Shared Resource Center is at the leading edge of the shared services model. The Center's goal is to help public schools save money, operate more efficiently, and develop new methods for self-sufficient funding. The Center helps their partner districts find win-win opportunities to expand their resources, grow their knowledge base, and bring more value to taxpayers, all without adding to their payroll.

The Center can do all of this because the Center is a unique Council of Governments formed by the Montgomery County Educational Service Center and the following two traditional public-school districts:

1. Centerville City School District
2. Huber Heights City School District

The Montgomery County Educational Service Center and the two school districts serve as the authorizing member entities, and the Superintendent from each respective entity serves on the Governing Board for the Center.

Through the Center's public education background, the Center employees have demonstrated experience working through the challenges, politics, processes, and opportunities inherent to K-12 schools. But the Center can also scale up quickly, offer customized services, provide immediate response time, and much more. The Center's ability to provide guidance and share resources across districts create the cost savings that benefit the Center's partners.

The Center offers an established history of staffing and mentoring support, creative and effective structuring of tax millage, program-based financing, operational solutions, communications support, collaborative leadership, and transparency.

Jointly Governed Organizations

The Center participates in two jointly governed organizations. Note 7 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Center's financial statement consists of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for the Center's enterprise fund type.

Fund Accounting

The Center 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 Center's sole operating fund is an enterprise fund which accounts 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.

Shared Resource Center
Montgomery County
Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2022

Basis of Accounting

This financial statement 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 (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.

This 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 (C) permit.

Capital Assets

The Center records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Note 3 – Deposits

The Center maintains one deposit account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of the deposit account at June 30 was as follows:

	2022
Demand Deposits	\$306,205

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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

The Center has obtained commercial comprehensive property, general liability, and professional insurance. In addition, the Center provides health insurance and dental and vision coverage to full-time employees of the Center through a private carrier.

Note 5 – Defined Benefit Pension Plan

The Center's employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost sharing, multiple employer defined plan. This plan provides 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 fiscal year 2022, members of SERS contributed 10% of their gross salaries. The Center contributed an amount equal to 14% of the participants' gross salaries. The Center has paid all contributions required through June 30, 2022.

Note 6 – Debt

Debt outstanding at June 30, 2022, was as follows:

Shared Resource Center
Montgomery County
Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2022

	Principal	Interest Rate
Notes Payable	\$1,225,000	3%

On February 16, 2017, the Board of Education of the Montgomery County Educational Service Center (the ESC) initiated a loan to the Center for its initial operating costs. The Center is required to pay the ESC the principal sum with interest accruing at a rate of three percent (3%) annually. Time for payment of the notes may be extended from time to time and the notes may be renewed from time to time, all without notice and without affecting, in any manner, the liability for payment of the notes. The notes may be prepaid in full or in part at any time, without penalty.

Note 7 – Jointly Governed Organizations

Metropolitan Educational Technology Association (META) – The Metropolitan Education Technology Association (META), which is a computer consortium, is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META consists of a president, vice president, and eleven board members who represent the members of META. The Board works with META’s Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each School’s degree of control is limited to its representation on the Board. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Southwestern Ohio Educational Purchasing Council (SOEPC) - The Center participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of over 260 school districts and educational service centers in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture, and supplies purchased by SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2022, the fee was waived for all EPC districts. To obtain financial information, write to the Director of the Southwestern Ohio Educational Purchasing Council, Ken Swink, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 8 – 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 financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Center. The impact on the Center’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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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

Shared Resource Center
Montgomery County
200 South Keowee Street
Dayton, Ohio 45402

To the Board of Trustees:

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 (*Government Auditing Standards*), the financial statement of the cash balance, receipts, and disbursements for the proprietary fund type as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statement of the Shared Resource Center, Montgomery County (the Center), and have issued our report thereon dated April 6, 2023, wherein we noted the Center followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit and the financial impact of COVID-19 and the continuing recovery measures which may impact subsequent periods of the Center.

Report on Internal Control Over Financial Reporting

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



Keith Faber
Auditor of State
Columbus, Ohio

April 6, 2023

OHIO AUDITOR OF STATE KEITH FABER



SHARED RESOURCE CENTER

MONTGOMERY 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 5/4/2023

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