



OHIO AUDITOR OF STATE  
**KEITH FABER**





**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY  
JEFFERSON COUNTY  
JUNE 30, 2024 AND 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 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 the 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.

***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 *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 April 23, 2024, 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

April 23, 2025

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**Ohio Mid-Eastern Regional Educational Service Agency**

*Jefferson County*

*Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*General Fund*

*For the Year Ended June 30, 2024*

	<u>General</u>
<b>Cash Receipts</b>	
Membership Contributions	\$3,159,591
Intergovernmental	2,529,718
Earnings on Investments	27,826
Rentals	<u>72,348</u>
<i>Total Cash Receipts</i>	<u>5,789,483</u>
<b>Cash Disbursements</b>	
Current:	
Support Services:	
Business	
Other	7,042
Operation and Maintenance of Plant	
Salaries	31,348
Employee Fringe Benefits	4,750
Capital Outlay	1,378
Central	
Salaries	1,575,221
Employee Fringe Benefits	683,525
Purchased and Contracted Services	3,172,773
Supplies and Materials	12,900
Capital Outlay	1,820,981
Other	45,282
Debt Service:	
Principal Retirement	158,464
Interest	<u>14,066</u>
<i>Total Cash Disbursements</i>	<u>7,527,730</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,738,247)</u>
<b>Other Financing Receipts (Disbursements)</b>	
Sale of Capital Assets	12,023
Financed Purchases Issued	<u>1,584,639</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,596,662</u>
<i>Net Change in Fund Cash Balances</i>	(141,585)
<i>Fund Cash Balances, July 1, 2023</i>	<u>1,995,785</u>
<i>Fund Cash Balances, June 30, 2024</i>	<u><u>\$1,854,200</u></u>

*See accompanying notes to the basic financial statements*

**Ohio Mid-Eastern Regional Education Service Agency**

*Jefferson County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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**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 Agency recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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, 2024*

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***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 disclosures related to fund balance is included in Note 8.

**Ohio Mid-Eastern Regional Education Service Agency**

*Jefferson County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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***Leases and SBITAs***

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 cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The Agency has entered into noncancelable SBITA contracts for several types of software including contracts related to financial systems, scheduling, grading systems and various other software. Subscription liabilities are not reflected under the Agency's cash basis of accounting. Subscription disbursements are recognized when they are paid.

***New Accounting Pronouncements***

For fiscal year 2024, GASB Statement No. 100, *Accounting Changes and Error Corrections* was effective. This GASB pronouncement had no effect on beginning fund cash balance as the Agency had no accounting changes or error corrections related to fiscal year 2024.

**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>2024</u>
Demand deposits	<u>\$1,854,200</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, 2024*

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**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, 2024.

**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 2024, no allocation of covered payroll was allocated to health care.

**Note 7 - Debt**

In fiscal year 2024, the Agency entered into a financed purchase agreement for equipment, Core firewall and BGP router upgrade, in the amount of \$1,584,639 at an interest rate of 3.4 percent. Financed purchase liabilities are not reflected under the Agency's cash basis of accounting. Financed purchase disbursements are recognized when they are paid.

The changes in the Agency's long-term debt during fiscal year 2024 were as follows:

	Amount Outstanding 6/30/23	Additions	Deletions	Amount Outstanding 6/30/24	Amounts Due in One Year
Financed Purchase	<u>\$0</u>	<u>\$1,584,639</u>	<u>\$158,464</u>	<u>\$1,426,175</u>	<u>\$316,928</u>

Amortization, including interest, is scheduled as follows:

<u>Year Ending June 30:</u>	<u>Financed Purchases</u>
2025	\$345,060
2026	345,060
2027	345,060
2028	345,060
2029	172,530
	<u>\$1,552,770</u>

**Ohio Mid-Eastern Regional Education Service Agency**

*Jefferson County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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**Note 8 – 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>\$23,455</u>

In the general fund, outstanding encumbrances are considered assigned.

**Note 9 - 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 Educational Service Agency**

*Jefferson County*

*Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)*

*General Fund*

*For the Year Ended June 30, 2023*

	General
<b>Cash Receipts</b>	
Membership Contributions	\$3,007,338
Intergovernmental	2,358,265
Earnings on Investments	3,739
Rentals	72,348
<i>Total Cash Receipts</i>	<i>5,441,690</i>
<b>Cash Disbursements</b>	
Current:	
Support Services:	
Business	
Other	7,102
Operation and Maintenance of Plant	
Salaries	31,124
Employee Fringe Benefits	4,657
Capital Outlay	600
Central	
Salaries	1,533,886
Employee Fringe Benefits	658,241
Purchased and Contracted Services	3,145,766
Supplies and Materials	16,535
Capital Outlay	118,535
Other	50,428
<i>Total Cash Disbursements</i>	<i>5,566,874</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(125,184)</i>
<b>Other Financing Receipts (Disbursements)</b>	
Sale of Capital Assets	11,867
<i>Net Change in Fund Cash Balances</i>	<i>(113,317)</i>
<i>Fund Cash Balances, July 1, 2022</i>	<i>2,109,102</i>
<i>Fund Cash Balances, June 30, 2023</i>	<i>\$1,995,785</i>

*See accompanying notes to the basic financial statements*

**Ohio Mid-Eastern Regional Education Service Agency**

*Jefferson County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**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.

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, 2023*

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***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 disclosures 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, 2023*

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***Leases and SBITAs***

For fiscal year 2023, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) was effective. This GASB pronouncement had no effect on beginning net position/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 cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The Agency has entered into noncancelable SBITA contracts for several types of software including contracts related to financial systems, scheduling, grading systems and various other software. Subscription liabilities are not reflected under the Agency's cash basis of accounting. Subscription disbursements are recognized when they are 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>2023</u>
Demand deposits	<u><u>\$1,995,785</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, 2023*

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**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, 2023.

**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 2023, 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>\$114,560</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.

**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 ended in April 2023. The Agency will continue to spend available COVID-19 funding consistent with the applicable program guidelines

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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**

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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the general fund as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements of the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County, Ohio (the Agency) and have issued our report thereon dated April 23, 2025, wherein we noted the Agency 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 Agency'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 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

April 23, 2025

# 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 5/8/2025**

65 East State 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](http://www.ohioauditor.gov)