



Dave Yost • Auditor of State

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2012.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise and Agency Funds - For the Year Ended June 30, 2012.....	6
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2011.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise and Agency Funds - For the Year Ended June 30, 2011.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

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Dave Yost • Auditor of State

Metropolitan Educational Council
Franklin County
2100 Citygate Drive
Columbus, Ohio 43219

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Council to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
Columbus, Ohio

February 15, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Metropolitan Educational Council
Franklin County
2100 Citygate Drive
Columbus, Ohio 43219

To the Board:

We have audited the accompanying financial statements of Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2012 and 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2012 and June 30, 2011, or its changes in financial position of cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of June 30, 2012 and 2011 as of June 30, 2012 of Metropolitan Educational Council, Franklin County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Metropolitan Educational Council, Franklin County, Ohio, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2013, on our consideration of the Council'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State
Columbus, Ohio

February 15, 2013

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Governmental Fund Types</u>
	<u>General</u>
Cash Receipts:	
Earnings on Investments	\$ 5,371
Membership Dues	207,055
Administrative Fees	450,181
Miscellaneous	<u>91</u>
Total Cash Receipts	<u>662,698</u>
Cash Disbursements:	
Personal Services	333,766
Fringe Benefits	140,897
Purchased Services	56,401
Supplies and Materials	12,006
Capital Outlay	7,675
Miscellaneous	3,168
Total Cash Disbursements	<u>553,913</u>
Total Receipts Over Disbursements	<u>108,785</u>
Other Financing Receipts / Disbursements:	
Transfers-In	15,000
Refund of Prior Year Expenditures	106
Transfers-Out	<u>(91)</u>
Total Other Financing Receipts / Disbursements:	<u>15,015</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	123,800
Fund Cash Balances, July 1	<u>1,984,927</u>
Fund Cash Balances, December 31	
Assigned	14,520
Unassigned (Deficit)	<u>2,094,207</u>
Fund Cash Balances, June 30	<u><u>\$ 2,108,727</u></u>

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 3,297,183		\$3,297,183
Other Revenue	14,870	\$ -	\$14,870
Total Operating Cash Receipts	<u>\$3,312,053</u>	<u>-</u>	<u>\$3,312,053</u>
Operating Cash Disbursements:			
Personal Services	1,199,243	-	1,199,243
Retirement and Insurance	512,826	-	512,826
Contractual Services	1,723,494	-	1,723,494
Supplies and Materials	655,126	-	655,126
Miscellaneous	52,292	-	52,292
Capital Outlay	424,961	-	424,961
Total Operating Cash Disbursements	<u>4,567,942</u>	<u>-</u>	<u>4,567,942</u>
Operating Loss	<u>(1,255,889)</u>	<u>-</u>	<u>(1,255,889)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	14,194	228	14,422
Intergovernmental Receipts	1,150,601	-	1,150,601
Miscellaneous Receipts:			
AEPA	-	363,199	363,199
Life/ Vision Insurance	-	2,964,256	2,964,256
Self-Help Gas Program	-	18,372,357	18,372,357
Total Non-Operating Cash Receipts	<u>1,164,795</u>	<u>21,700,040</u>	<u>22,864,835</u>
Non-Operating Cash Disbursements:			
Contractual Services:			
AEPA	-	381,339	381,339
Fleet, Liability and Property Insurance	-	18,839	18,839
Life/ Vision Insurance	-	2,987,770	2,987,770
Self-Help Gas Program	-	18,432,043	18,432,043
Total Non-Operating Cash Disbursements	<u>-</u>	<u>21,819,991</u>	<u>21,819,991</u>
Excess of Receipts Over / (Under) Disbursements Before Interfund Transfers	(91,094)	(119,951)	(211,045)
Transfers-In	91	-	91
Transfers-Out	(15,000)	-	(15,000)
Refund of Prior Year Expenses	318	-	318
Net Receipts Under Disbursements	(105,685)	(119,951)	(225,636)
Fund Cash Balances, July 1	<u>3,831,824</u>	<u>784,612</u>	<u>4,616,436</u>
Fund Cash Balances, June 30	<u>\$ 3,726,139</u>	<u>\$ 664,661</u>	<u>\$ 4,390,800</u>

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Governmental Fund Types</u>
	<u>General</u>
Cash Receipts:	
Earnings on Investments	\$ 10,276
Membership Dues	208,801
Administrative Fees	482,616
Miscellaneous	<u>286</u>
Total Cash Receipts	<u>701,979</u>
Cash Disbursements:	
Personal Services	337,780
Retirement and Insurance	142,922
Purchased Services	61,587
Supplies and Materials	17,111
Miscellaneous	3,438
Capital Outlay	<u>5,567</u>
Total Cash Disbursements	<u>568,405</u>
Total Receipts Over/(Under) Disbursements	133,574
Other Financing Receipts:	
Transfers-In	15,000
Refund of Prior Tax Expenditure	49,754
Transfers-Out	<u>(297)</u>
Total Other Financing Receipts:	<u>64,457</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	198,031
Fund Cash Balances, July 1	<u>1,786,896</u>
Fund Cash Balances, December 31	
Anassigned	22,531
Unassigned	<u>1,962,396</u>
Fund Cash Balances, June 30	<u><u>\$ 1,984,927</u></u>

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services:			
Computer Services	\$ 3,295,665	\$ -	\$3,295,665
Total Operating Cash Receipts	3,295,665	-	\$3,295,665
Operating Cash Disbursements:			
Personal Services	1,318,285	-	1,318,285
Retirement and Insurance	555,501	-	555,501
Contractual Services	1,596,807	-	1,596,807
Supplies and Materials	536,429	-	536,429
Miscellaneous	45,895	-	45,895
Capital Outlay	299,169	-	299,169
Total Operating Cash Disbursements	4,352,086	-	4,352,086
Operating Loss	(1,056,421)	-	(1,056,421)
Non-Operating Cash Receipts:			
Earnings on Investments	16,662	9,588	26,250
Intergovernmental Receipts	1,178,770	-	1,178,770
Miscellaneous Receipts:			
AEPA		465,201	465,201
Medical /Life/Vision Insurance	-	1,890,105	1,890,105
Self-Help Gas Program	-	19,226,145	19,226,145
Refund of Prior Tax Expenditure	149,261	-	149,261
Other Miscellaneous Receipts	16,268	-	16,268
Total Non-Operating Cash Receipts	1,360,961	21,591,039	22,952,000
Non-Operating Cash Disbursements:			
Contractual Services:			
AEPA		462,898	462,898
Fleet, Liability and Property Insurance	-	19,785	19,785
Medical / Life Insurance	-	1,867,420	1,867,420
Self-Help Gas Program	-	19,285,774	19,285,774
Total Non-Operating Cash Disbursements	-	21,635,877	21,635,877
Excess of Receipts Under Disbursements Before Interfund Transfers	304,540	(44,838)	259,702
Transfers-Out	(15,000)	-	(15,000)
Transfers-In	297	-	297
Net Receipts Under Disbursements	289,837	(44,838)	244,999
Fund Cash Balances, July 1	3,541,987	829,450	4,371,437
Fund Cash Balances, June 30	\$ 3,831,824	\$ 784,612	\$ 4,616,436

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Metropolitan Educational Council, Franklin County, Ohio, (the Council) is a not-for-profit regional council of governments established under Chapter 167 of the Ohio Revised Code. The regional council of governments is directed by a twenty-seven member Governing Board. The regional council of governments provides educational services to the youth and adults in Franklin County and surrounding areas by the cooperative action of the membership.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosures of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Council's accounting basis includes investments as assets. This basis does not report 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. The Council values its certificates of deposit at cost.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund report.

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Enterprise Funds

These 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 Council had the following significant Enterprise Funds:

Information Technology Fund – This fund receives charges for services from members to cover the costs of providing information technology services.

3. Agency Funds

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

AEPA – State purchasing coops receive and disburse funds for expenses and annual disbursement to eight coops.

Self-Help Gas Program – This fund receives monies for utility services provided by Energy USA-TPC. Collections are then remitted to Energy USA on a monthly basis.

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

Liability, Fleet & Property Insurance – Non-operating program, currently running claims out to close program.

E. Budgetary Process

The Ohio Revised Code does not require Councils of Government to follow budgetary requirements, however, the Council budgets each fund annually.

1. Appropriations/Estimated Receipts

Although not required by the Ohio Revised Code, the Council practices that budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. The Council annually adopts appropriation measures and subsequent amendments.

2. Estimated Resources

Although not required by the Ohio Revised Code, the Council practices those budgetary receipts (that is estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3 Encumbrances

Although not required by the Ohio Revised Code, the Council reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re appropriated. Encumbrances are not reflected on the financial statements, however are included in the budgetary activity.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Council's Board or a Council's official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Council maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 were as follows:

	2011	2012
Demand Deposits	1,809,543	1,685,154
Certificates of Deposits	2,257,227	2,278,666
Total Deposits:	<u>4,066,770</u>	<u>3,963,820</u>
Star Ohio	2,534,593	2,535,707
Total Investments:	<u>2,534,593</u>	<u>2,535,707</u>
Total Deposits and Investments:	<u>6,601,363</u>	<u>6,499,527</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2012 and 2011 follows:

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$741,029	\$677,804	(\$63,225)
Enterprise	4,511,330	4,477,257	(34,073)
Agency	23,117,500	21,700,040	(1,417,460)
Total	\$28,369,859	\$26,855,101	(\$1,514,758)
2012 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$ 618,584	\$568,524	\$50,060
Enterprise	4,964,607	4,937,587	27,020
Agency	22,952,737	21,838,706	1,114,031
Total	\$28,535,928	\$27,344,817	\$1,191,111
2011 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$764,627	\$766,733	\$2,106
Enterprise	4,518,606	4,656,923	138,317
Agency	35,133,000	21,591,039	(13,541,961)
Total	\$40,416,233	\$27,014,695	(\$13,401,538)
2011 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$697,681	\$591,233	\$106,448
Enterprise	5,322,073	4,894,062	428,011
Agency	35,593,473	21,687,296	13,906,177
Total	\$41,613,227	\$27,172,591	\$14,440,636

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

4. RETIREMENT SYSTEM

The Council contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting School Employees Retirement System, 300 East Broad Street., Suite 100, Columbus, Ohio 43215-3746, by calling toll free (800) 878-5853. It is also posted on SERS website at ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and Council is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. Effective January 1, 2004, the Council pays both the board and employee retirement amounts on the pick-up benefit. The pick-up is considered a fringe benefit/extra compensation to the employee and retirement is figured on the pick-up benefit and submitted to the retirement system. Therefore, the Council contributes 11% and 15.4% of employee's and employers' share of annual covered payroll.

As of December 9, 2011 Rehired Retirees from MEC pay the employee contribution of 10% and MEC pays the employer contribution of 14%.

The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.78%. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The MEC's contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were \$395,847, \$420,682, and \$418,220; respectively, which equaled the required contributions each year.

5. RISK MANAGEMENT

Liability, Fleet and Property Insurance Program

Members of the Liability, Fleet and Property Insurance Program are self insured for property, general liability, school leader's errors and omissions, automobile, excess liability, crime, surety and bond, inland marine and other coverage. This program pays covered claims to service providers based on an actuarially determined cost per member. A comparison of program cash and investments to the actuarially-measured liability as of June 30 follows:

	<u>2012</u>	<u>2011</u>
Cash and investments	\$311,270	\$334,067
Actuarial liabilities	\$0	\$85,778

Due to continued decline in participants, this program was terminated by the Governing Board effective June 30, 2007. The program will remain in operations until all remaining claims are run out, at which point the remaining reserves will be returned to the members in the program.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

5. RISK MANAGEMENT (Continued)

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Building and its contents; and
- Directors and Officers Liability Insurance.

The Council also provides health insurance, life insurance, dental and vision coverage to full-time employees through a private carrier.

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Dave Yost • Auditor of State

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

Metropolitan Educational Council
Franklin County
2100 Citygate Drive
Columbus, Ohio 43219

To the Board:

We have audited the financial statements of Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated February 15, 2013, wherein we noted in 2011 the Council adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated February 15, 2013.

We intend this report solely for the information and use of management, the audit committee, Governing Board, and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

February 15, 2013



Dave Yost • Auditor of State

METROPOLITAN EDUCATIONAL COUNCIL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2013**