



Dave Yost • Auditor of State



**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

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

To the Council Members:

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.

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**Dave Yost**  
Auditor of State

March 8, 2011

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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 Council Members:

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, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or 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 and reserves for encumbrances of Metropolitan Educational Council, Franklin County, Ohio, as of June 30, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2011, 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.

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

**Dave Yost**  
Auditor of State

March 8, 2011



**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, 2010**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Earnings on Investments	\$ 3,129	\$ -	\$ 3,129
Charges for Services	23,111	-	23,111
Membership Dues	188,668	-	188,668
Administrative Fees	449,788	-	449,788
Miscellaneous	11	-	11
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	664,707	-	664,707
<b>Cash Disbursements:</b>			
Personal Services	281,823	-	281,823
Fringe Benefits	114,925	-	114,925
Purchased Services	80,604	-	80,604
Supplies and Materials	11,227	-	11,227
Capital Outlay	164,331	-	164,331
Miscellaneous	655	-	655
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	653,565	-	653,565
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	11,142	-	11,142
<b>Other Financing Receipts / Disbursements:</b>			
Transfers-In	435,947	6,256	442,203
Transfers-Out	(5,000)	-	(5,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / Disbursements:	430,947	6,256	437,203
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	442,089	6,256	448,345
Fund Cash Balances, July 1	<hr/>	<hr/>	<hr/>
	1,344,807	(6,256)	1,338,551
<b>Fund Cash Balances, June 30</b>	<hr/>	<hr/>	<hr/>
	<b>\$ 1,786,896</b>	<b>\$ -</b>	<b>\$ 1,786,896</b>
Reserves for Encumbrances, June 30	<hr/>	<hr/>	<hr/>
	<b>\$ 8,034</b>	<b>\$ -</b>	<b>\$ 8,034</b>

*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, 2010**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services:			
Computer Services	\$ 3,309,351	\$ -	\$3,309,351
Total Operating Cash Receipts	<u>3,309,351</u>	<u>-</u>	<u>\$3,309,351</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	1,334,093	-	1,334,093
Retirement and Insurance	531,101	-	531,101
Contractual Services	1,758,993	-	1,758,993
Supplies and Materials	581,200	-	581,200
Miscellaneous	46,134	-	46,134
Capital Outlay	13,539	-	13,539
Total Operating Cash Disbursements	<u>4,265,060</u>	<u>-</u>	<u>4,265,060</u>
Operating Loss	<u>(955,709)</u>	<u>-</u>	<u>(955,709)</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	9,147	1,472	10,619
Intergovernmental Receipts	1,181,757	-	1,181,757
Miscellaneous Receipts:			
Fleet, Liability and Property Insurance	-	18,293	18,293
Medical / Life Insurance	-	1,359,390	1,359,390
Self-Help Gas Program	-	20,733,207	20,733,207
Other Miscellaneous Receipts	8,003	391,656	399,659
Total Non-Operating Cash Receipts	<u>1,198,907</u>	<u>22,504,018</u>	<u>23,702,925</u>
<b>Non-Operating Cash Disbursements:</b>			
Contractual Services:			
Fleet, Liability and Property Insurance	-	38,985	38,985
Medical / Life Insurance	-	1,448,974	1,448,974
Self-Help Gas Program	-	20,804,556	20,804,556
Other Contractual Services	-	443,045	443,045
Total Non-Operating Cash Disbursements	<u>-</u>	<u>22,735,560</u>	<u>22,735,560</u>
Excess of Receipts Over / (Under) Disbursements Before Interfund Transfers	243,198	(231,542)	11,656
Transfers-In	13,573	-	13,573
Transfers-Out	(450,776)	-	(450,776)
Refund of Prior Year Expenses	5,300	-	5,300
Net Receipts Under Disbursements	(188,705)	(231,542)	(420,247)
Fund Cash Balances, July 1	<u>3,730,692</u>	<u>1,060,992</u>	<u>4,791,684</u>
<b>Fund Cash Balances, June 30</b>	<b><u>\$ 3,541,987</u></b>	<b><u>\$ 829,450</u></b>	<b><u>\$ 4,371,437</u></b>
Reserve for Encumbrances, June 30	<u>\$ 96,467</u>	<u>\$ 117,673</u>	<u>\$ 214,140</u>

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

**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, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Earnings on Investments	\$ 22,515	\$ -	\$ 22,515
Charges for Services	22,266	-	22,266
Membership Dues	205,502	-	205,502
Administrative Fees	394,368	-	394,368
Miscellaneous	105	-	105
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	644,756	-	644,756
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Personal Services	300,137	-	300,137
Fringe Benefits	110,338	-	110,338
Purchased Services	56,501	-	56,501
Supplies and Materials	17,081	-	17,081
Capital Outlay	8,795	-	8,795
Miscellaneous	8,059	-	8,059
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	500,911	-	500,911
	<hr/>	<hr/>	<hr/>
Total Receipts Over/ (Under) Disbursements	143,845	-	143,845
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	56,087	-	56,087
Transfers-Out	(5,000)	(3,553)	(8,553)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/ (Disbursements)	51,087	(3,553)	47,534
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Receipts/(Disbursements)	194,932	(3,553)	191,379
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1 - Restated See Note 7	1,149,875	(2,703)	1,147,172
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b>\$ 1,344,807</b>	<b>\$ (6,256)</b>	<b>\$ 1,338,551</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, June 30	\$ 32,467	\$ -	\$ 32,467
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*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, 2009**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services:			
Computer Services	\$ 3,160,847	\$ -	\$ 3,160,847
Total Operating Cash Receipts	<u>3,160,847</u>	<u>-</u>	<u>3,160,847</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	1,307,027	-	1,307,027
Retirement and Insurance	505,861	-	505,861
Contractual Services	1,668,456	-	1,668,456
Supplies and Materials	513,017	-	513,017
Miscellaneous	43,445	-	43,445
Capital Outlay	58,427	-	58,427
Total Operating Cash Disbursements	<u>4,096,233</u>	<u>-</u>	<u>4,096,233</u>
Operating Loss	<u>(935,386)</u>	<u>-</u>	<u>(935,386)</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	19,635	4,186	23,821
Intergovernmental Receipts	1,231,244	-	1,231,244
Refund of Prior Year Expenses	40,532	-	40,532
Miscellaneous Receipts:			
Fleet, Liability and Property Insurance	-	10,376	10,376
Medical / Life Insurance	-	1,006,585	1,006,585
Self-Help Gas Program	-	21,894,713	21,894,713
Other Miscellaneous Receipts	34,560	436,693	471,253
Total Non-Operating Cash Receipts	<u>1,325,971</u>	<u>23,352,553</u>	<u>24,678,524</u>
<b>Non-Operating Cash Disbursements:</b>			
Contractual Services:			
Fleet, Liability and Property Insurance	-	61,980	61,980
Medical / Life Insurance	-	953,651	953,651
Self-Help Gas Program	-	21,835,308	21,835,308
Other Contractual Services	-	411,026	411,026
Total Non-Operating Cash Disbursements	<u>-</u>	<u>23,261,965</u>	<u>23,261,965</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	390,585	90,588	481,173
Transfers-In	80,435		80,435
Transfers-Out	<u>(127,969)</u>	<u>-</u>	<u>(127,969)</u>
Net Receipts Over/(Under) Disbursements	343,051	90,588	433,639
Fund Cash Balances, July 1 - Restated see Note 7	<u>3,387,641</u>	<u>970,404</u>	<u>4,358,045</u>
<b>Fund Cash Balances, June 30</b>	<b><u>\$ 3,730,692</u></b>	<b><u>\$ 1,060,992</u></b>	<b><u>\$ 4,791,684</u></b>
Reserve for Encumbrances, June 30	<u>\$ 195,436</u>	<u>\$ 69,335</u>	<u>\$ 264,771</u>

*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, 2010 AND 2009**

**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.

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.

**2. Special Revenue Fund**

This fund is used to account for proceeds from specific sources (other than from trusts) that are restricted to expenditure for specific purposes.

**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. 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.

**4. 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:

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.

Insurance Fund – This fund receives monies for insurance services by various providers. Collections are then remitted to the appropriate provider on a monthly basis.

**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**

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. 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.

A summary of 2010 and 2009 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.

**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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:

	2010	2009
Demand Deposits	3,626,469	3,601,330
Star Ohio	2,531,864	2,528,905
<b>Total Deposits and Investments:</b>	<b><u>6,158,333</u></b>	<b><u>6,130,235</u></b>

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

**Investments:** A financial institution's trust department holds the Council's equity securities in book entry form in the Council's name.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2010 and 2009 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$743,677	\$1,100,654	\$356,977
Special Revenue	6,256	6,256	0
Enterprise	4,648,129	4,527,131	(120,998)
Agency	35,138,000	22,504,018	(12,633,982)
Total	<b><u>\$40,536,062</u></b>	<b><u>\$28,138,059</u></b>	<b><u>(\$12,398,003)</u></b>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$858,403	\$666,599	\$191,804
Enterprise	4,783,532	4,812,303	(28,771)
Agency	35,074,850	22,853,233	12,221,617
Total	<b><u>\$40,716,785</u></b>	<b><u>\$28,332,135</u></b>	<b><u>\$12,384,650</u></b>

**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$702,272	\$700,843	(\$1,429)
Enterprise	4,611,685	4,567,253	(44,432)
Agency	38,397,800	23,352,553	(15,045,247)
Total	\$43,711,757	\$28,620,649	(\$15,091,108)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$653,517	\$538,378	\$115,139
Special Revenue	6,256	3,553	2,703
Enterprise	4,543,046	4,419,638	123,408
Agency	37,340,301	23,331,300	14,009,001
Total	\$42,543,120	\$28,292,869	\$14,250,251

**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](http://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, 2009 Rehired Retirees from MEC pay the employee contribution of 10% and MEC pays the employer contribution of 14%.



**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**4. RETIREMENT SYSTEM (Continued)**

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, 2010, 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 School District's contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$418,220, \$417,379, and \$382,788; 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>2010</u>	<u>2009</u>
Cash and investments	\$333,147	\$347,981
Actuarial liabilities	\$77,778	\$94,877

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.

**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
- Director's and Officers Liability Insurance.

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

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. In the opinion of management, any adjustments by the grantor would not have a material effect on the financial statements.

**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**7. RESTATEMENT**

The Association of Educational Purchasing Agencies (AEPA) fund was reclassified from the General Fund to the Agency Fund in the prior audit by Management. The restatement below represents the beginning balance in the AEPA fund at July 1, 2008.

	General Fund	Agency Fund
Fund balance, as previously reported at June 30, 2008	\$1,180,808	\$939,471
Restatement	(\$30,933)	\$30,933
Fund balance, as restated at July 1, 2008	<u>\$1,149,875</u>	<u>\$970,404</u>



# 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 Council Members:

We have audited the financial statements of Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated March 8, 2011, wherein we 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.

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Metropolitan Educational Council  
Franklin County  
Independent Accountants' Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Required by *Government Auditing Standards*  
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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 March 8, 2011.

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 "D" and "Y".

**Dave Yost**  
Auditor of State

March 8, 2011



# 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  
APRIL 5, 2011**