



**Mary Taylor, CPA**  
Auditor of State



**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

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Mary Taylor, CPA  
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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 9, 2009

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# Mary Taylor, CPA

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 the Metropolitan Education Council, Franklin County, Ohio (the Council) as of and for the years ended June 30, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, 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 the Metropolitan Educational Council, Franklin County, Ohio, as of June 30, 2008 and 2007, 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 9, 2009, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 9, 2009



**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, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Earnings on Investments	\$ 58,540	\$ -	\$ 58,540
Charges for Services	26,608	-	26,608
Intergovernmental Receipts	-	47,416	47,416
Membership Dues	180,808	-	180,808
Administrative Fees	326,341	-	326,341
Miscellaneous	52,535	-	52,535
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	644,832	47,416	692,248
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Personal Services	332,911	-	332,911
Contractual Services	72,263	-	72,263
Supplies and Materials	13,114	-	13,114
Miscellaneous	-	47,318	47,318
Capital Outlay	1,374	42	1,416
Total Cash Disbursements	419,662	47,360	467,022
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	225,170	56	225,226
Fund Cash Balances, July 1	955,638	(2,759)	952,879
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<b>Fund Cash Balances, June 30</b>	<b>\$ 1,180,808</b>	<b>\$ (2,703)</b>	<b>\$ 1,178,105</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, June 30	\$ 22,198	\$ -	\$ 22,198
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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, 2008**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services:			
Computer Services	\$ 2,814,031	\$ -	\$ 2,814,031
Total Operating Cash Receipts	2,814,031	-	2,814,031
<b>Operating Cash Disbursements:</b>			
Personal Services	1,203,276	-	1,203,276
Retirement and Insurance	481,438	-	481,438
Contractual Services	1,694,133	-	1,694,133
Supplies and Materials	497,452	-	497,452
Miscellaneous	40,504	-	40,504
Capital Outlay	217,671	-	217,671
Total Operating Cash Disbursements	4,134,474	-	4,134,474
Operating Loss	(1,320,443)	-	(1,320,443)
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	103,745	39,244	142,989
Intergovernmental Receipts	1,135,317	-	1,135,317
Miscellaneous Receipts:			
Fleet, Liability and Property Insurance	-	130,982	130,982
Medical / Life Insurance	-	1,239,855	1,239,855
Self-Help Gas Program	-	20,450,690	20,450,690
Other Miscellaneous Receipts	-	336,683	336,683
Total Non-Operating Cash Receipts	1,239,062	22,197,454	23,436,516
<b>Non-Operating Cash Disbursements:</b>			
Contractual Services:			
Fleet, Liability and Property Insurance	-	186,455	186,455
Medical / Life Insurance	-	1,191,930	1,191,930
Self-Help Gas Program	-	20,439,549	20,439,549
Other Contractual Services	-	224,460	224,460
Total Non-Operating Cash Disbursements	-	22,042,394	22,042,394
Net Receipts Over/(Under) Disbursements	(81,381)	155,060	73,679
Fund Cash Balances, July 1	3,469,022	784,411	4,253,433
<b>Fund Cash Balances, June 30</b>	<b>\$ 3,387,641</b>	<b>\$ 939,471</b>	<b>\$ 4,327,112</b>
Reserve for Encumbrances, June 30	\$ 79,871	\$ 247,123	\$ 326,994

*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, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Earnings on Investments	\$ 72,496	\$ -	\$ 72,496
Charges for Services	23,155	-	23,155
Intergovernmental Receipts	-	60,000	60,000
Membership Dues	176,437	-	176,437
Administrative Fees	267,542	-	267,542
Miscellaneous	52,535	5,900	58,435
	<u>592,165</u>	<u>65,900</u>	<u>658,065</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Personal Services	358,748	27,407	386,155
Contractual Services	-	25,250	25,250
Purchased Services	75,673	-	75,673
Supplies and Materials	7,107	10,311	17,418
Miscellaneous	12,882	12,586	25,468
Capital Outlay	5,702	-	5,702
	<u>460,112</u>	<u>75,554</u>	<u>535,666</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	132,053	(9,654)	122,399
Fund Cash Balances, July 1	<u>823,585</u>	<u>6,895</u>	<u>830,480</u>
<b>Fund Cash Balances, June 30</b>	<u><b>\$ 955,638</b></u>	<u><b>\$ (2,759)</b></u>	<u><b>\$ 952,879</b></u>
Reserves for Encumbrances, June 30	<u>\$ 12,772</u>	<u>\$ 3,497</u>	<u>\$ 16,269</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, 2007**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services:			
Computer Services	\$ 3,263,112	\$ -	\$3,263,112
Total Operating Cash Receipts	3,263,112	-	\$3,263,112
<b>Operating Cash Disbursements:</b>			
Personal Services	1,152,394	-	1,152,394
Retirement and Insurance	455,096	-	455,096
Contractual Services	2,233,583	-	2,233,583
Supplies and Materials	351,644	-	351,644
Miscellaneous	69,370	-	69,370
Capital Outlay	71,617	-	71,617
Total Operating Cash Disbursements	4,333,704	-	4,333,704
Operating Loss	(1,070,592)	-	(1,070,592)
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	170,043	65,506	235,549
Intergovernmental Receipts	728,227	-	728,227
Miscellaneous Receipts:			
Fleet, Liability and Property Insurance	-	1,299,471	1,299,471
Medical / Life Insurance	-	3,532,298	3,532,298
Self-Help Gas Program	-	20,026,104	20,026,104
Other Miscellaneous Receipts	12,171	192,291	204,462
Total Non-Operating Cash Receipts	910,441	25,115,670	26,026,111
<b>Non-Operating Cash Disbursements:</b>			
Contractual Services:			
Fleet, Liability and Property Insurance	-	1,452,594	1,452,594
Medical / Life Insurance	-	3,538,016	3,538,016
Self-Help Gas Program	-	20,177,026	20,177,026
Other Contractual Services	-	188,917	188,917
Total Non-Operating Cash Disbursements	-	25,356,553	25,356,553
Net Receipts Under Disbursements	(160,151)	(240,883)	(401,034)
Fund Cash Balances, July 1 (Restated)	3,629,173	1,025,294	4,654,467
<b>Fund Cash Balances, June 30</b>	<b>\$ 3,469,022</b>	<b>\$ 784,411</b>	<b>\$ 4,253,433</b>
Reserve for Encumbrances, June 30	\$ 221,558	\$ 147,087	\$ 368,645

*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, 2008 AND 2007**

**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. The Council reports 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 is the general operating fund. It is used to account for 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, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts) that are restricted to expenditure for specific purposes. The Council had the following Special Revenue Fund:

FCC E-Rate Grant Fund – The Federal Communications Commission (FCC) adopted a universal service order to implement the Telecommunications Act of 1996. This fund receives monies in accordance with that Act.

**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, function or object level of control. The Council annually adopts appropriation measures and subsequent amendments.

**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process (Continued)**

**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 2008 and 2007 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.

**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 was as follows:

	<u>2007</u>	<u>2008</u>
Demand Deposits	\$2,805,716	\$3,008,158
STAR Ohio	<u>\$2,400,596</u>	<u>\$2,497,059</u>
Total Deposits and Investments	<u>\$5,206,312</u>	<u>\$5,505,217</u>

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

**Investments:** The Council invests with STAR Ohio, the State Treasurer's investment pool. 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, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$785,050	\$644,832	(\$140,218)
Special Revenue	511,000	47,416	(463,584)
Enterprise	4,204,313	4,053,093	(151,220)
Agency	34,646,000	22,197,454	(12,448,546)
Total	\$40,146,363	\$26,942,795	(\$13,203,568)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$742,822	\$441,860	\$300,962
Special Revenue	511,000	47,360	463,640
Enterprise	4,515,481	4,214,345	301,136
Agency	34,793,642	22,289,517	12,504,125
Total	\$40,562,945	\$26,993,082	\$13,569,863

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$853,050	\$592,165	(\$260,885)
Special Revenue	708,000	65,900	(642,100)
Enterprise	3,845,000	4,173,553	328,553
Agency	36,129,500	25,115,670	(11,013,830)
Total	\$41,535,550	\$29,947,288	(\$11,588,262)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$780,641	\$472,884	\$307,757
Special Revenue	739,145	79,051	660,094
Enterprise	4,880,467	4,555,262	325,205
Agency	37,832,428	25,503,640	12,328,788
Total	\$44,232,681	\$30,610,837	\$13,621,844



**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(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 and disability 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 writing to School Employees Retirement System, 300 East Broad Street., Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

For fiscal years ended June 30, 2007 and June 30, 2008 plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current Council rate is 14% of annual covered payroll. 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.

The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Council's required contributions to for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$382,788, \$375,307, and \$350,067; 100 percent has been contributed for all fiscal years.

**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>2008</u>	<u>2007</u>
Cash and investments	\$395,513	\$438,660
Actuarial liabilities	\$187,664	\$489,832

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;

**METROPOLITAN EDUCATIONAL COUNCIL  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

**Commercial Insurance (Continued)**

- 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.

**7. RESTATEMENT OF FUND BALANCES**

During 2007 it was noted the Council had classified activity for charges to external users in an internal service fund. This activity was reclassified as an enterprise fund and the reclassification had the following affect on the fund balances:

	Enterprise	Internal Service	Total Funds
Fund Balance, June 30, 2006	\$ -	\$ 3,629,173	\$ 3,629,173
Fund Balance Reclassification	3,629,173	(3,629,173)	-
Fund Balance, June 30, 2006 As Restated	\$ 3,629,173	\$ -	\$ 3,629,173



# Mary Taylor, CPA

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 the Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated March 9, 2009, 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 certain noncompliance or other matters that we reported to the Council's management in a separate letter dated March 9, 2009.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 9, 2009



**Mary Taylor, CPA**  
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 14, 2009**