



**OHIO SCHOOLS COUNCIL
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**OHIO SCHOOLS COUNCIL
CUYAHOGA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Ohio Schools Council
Cuyahoga County
6133 Rockside Road, Suite 10
Independence, Ohio 44131

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ohio Schools Council, Cuyahoga County, Ohio, (the Council) as of and for the year ended June 30, 2005, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of the Ohio Schools Council, Cuyahoga County, Ohio, as of June 30, 2005, and the respective changes in financial position thereof, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2005, the Council implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2006, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

February 7, 2006

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

The discussion and analysis of Ohio Schools Council's (the Council) financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- Net assets of governmental activities increased \$910,505, which represents a 24.84 percent from 2004. The Council has no business-type activities.
- For governmental activities, general revenues accounted for \$42,851 in revenue or 2.8 percent of all revenues. Program specific revenues in the form of charges for service accounted for \$1.4 million or 90.9 percent of total revenues. The Council also received \$100 thousand of reimbursement from First Energy for legal fees.
- The Council had \$0.7 million in expenses related to governmental activities; all of these expenses were offset by program specific charges for services.
- The general fund, the only major fund, had \$1.5 million in revenues and \$0.7 million in expenditures. The general fund's balance increased \$911,353 to \$4.6 million.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide reader with a broad overview of the Council's finances, in a manner similar to a private-sector business.

Ohio Schools Council
Management's Discussion and Analysis
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Unaudited

The *statement of net assets* presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by user fees and charges. The governmental activities of the Council include salaries, fringe benefits, purchased/contracted services, supplies, depreciation expenses and other.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Council, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental and fiduciary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

The Council maintains one government fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be the major fund.

The basic fund financial statements can be found on pages 13-16 of this report.

Fiduciary Fund The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Council's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-31 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets exceeded liabilities by \$4.6 million at the close of the most recent fiscal year.

Ninety-nine percent of the Council's net assets (\$4.6 million) reflect its unrestricted net assets. The Council uses these unrestricted net assets to meet ongoing obligations to the creditors. Only one percent of the net assets (\$19 thousand) are investment in capital assets (e.g., furniture and equipment). The Council uses these capital assets to provide services to the school districts; consequently, these assets are not available for future spending.

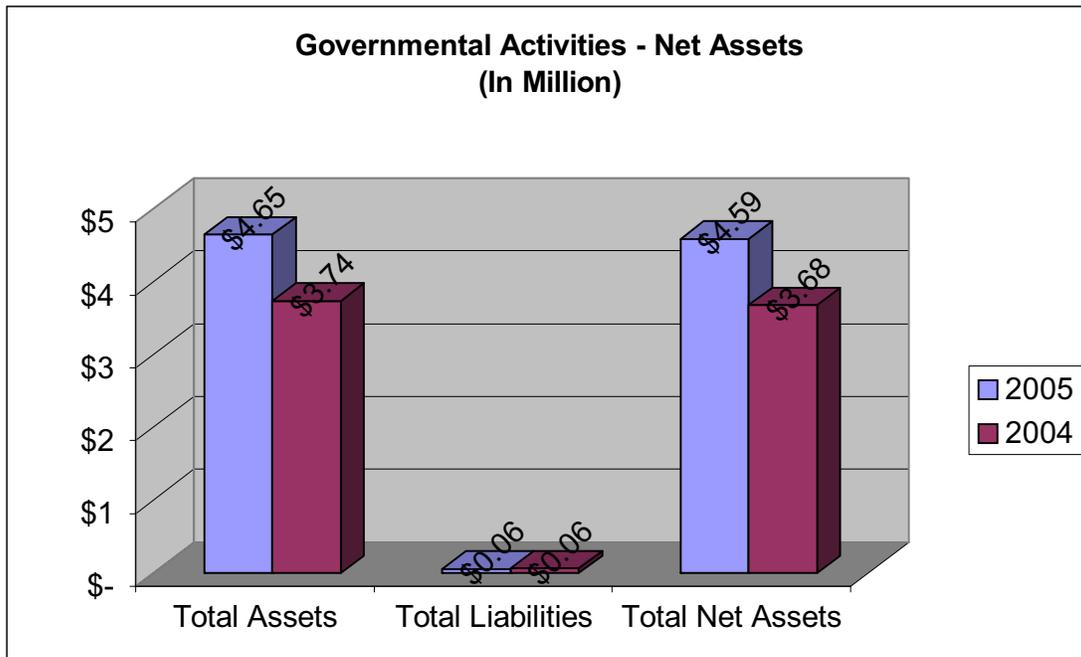
At the end of the current fiscal year, the Council is able to report positive balances in both categories of net assets in the governmental activities. The same situation held true for the prior fiscal year.

The table below shows governmental activities compared to 2004 net assets for fiscal year 2005.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Net Assets

	Governmental Activities	
	2005	2004
Assets		
Current and Other Assets	\$ 4,627,558	\$ 3,722,330
Capital Assets	19,425	15,684
<i>Total Assets</i>	<u>4,646,983</u>	<u>3,738,014</u>
Liabilities		
Current Liability	48,400	54,543
Long-term Liability	12,303	7,696
<i>Total Liabilities</i>	<u>60,703</u>	<u>62,239</u>
Net Assets		
Invested in Capital Assets, Net of Debt	19,425	15,684
Unrestricted	4,566,855	3,660,091
<i>Total Net Assets</i>	<u>\$ 4,586,280</u>	<u>\$ 3,675,775</u>



Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Governmental Activities

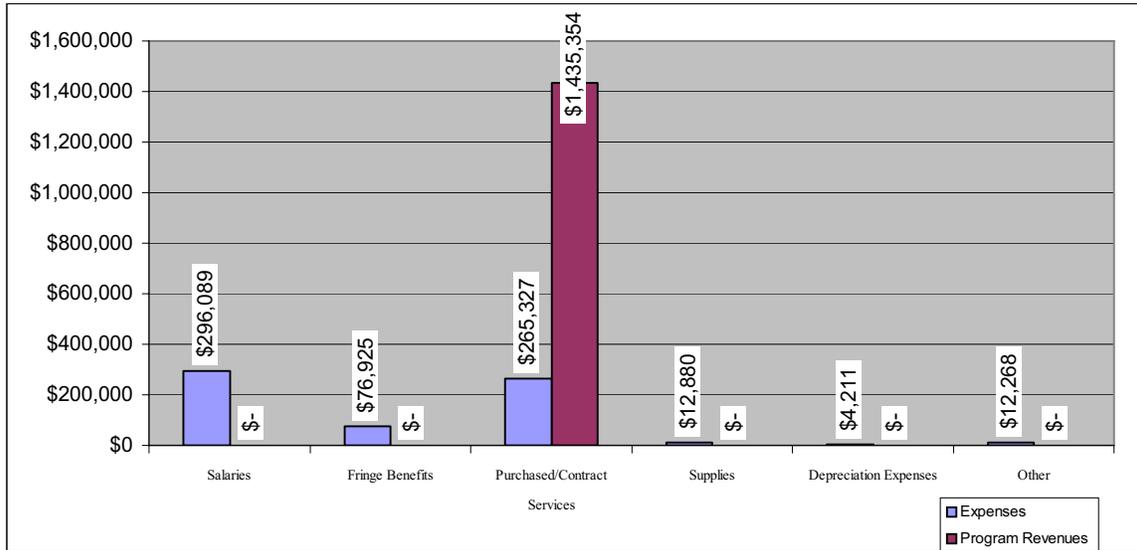
The table below shows changes in governmental net assets in fiscal year 2005. Since this is the first year the Council has prepared the financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2004 are not available.

Changes in Net Assets

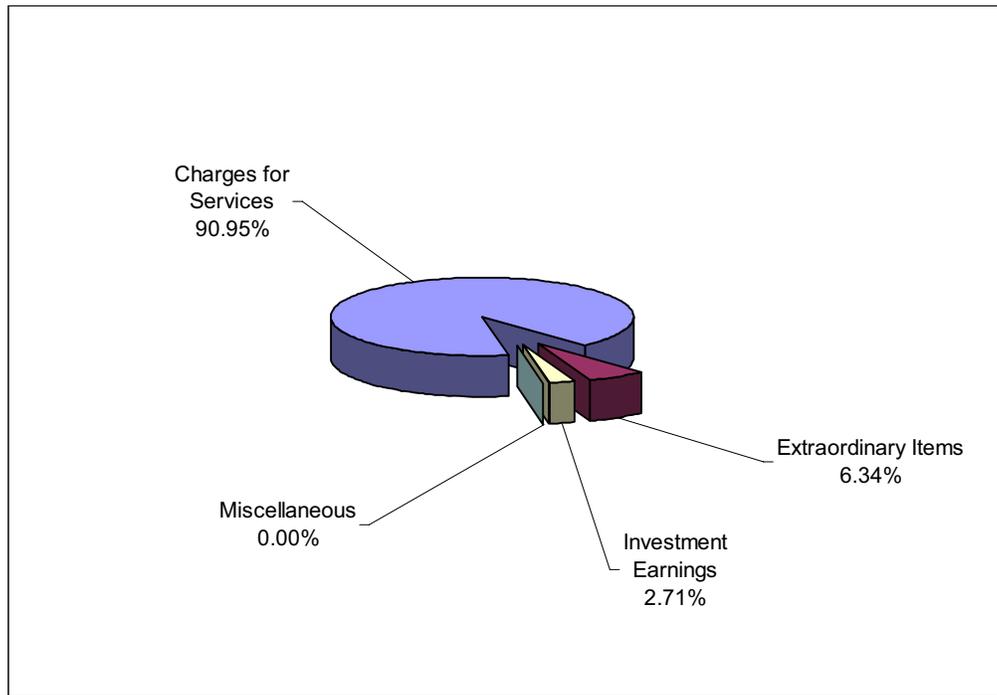
	Governmental Activities
Revenue:	
Program Revenues:	
Charges for Services and Sales	\$ 1,435,354
General Revenues:	
Investment Earnings	42,827
Miscellaneous	24
Extraordinary Item	100,000
Total Revenues	1,578,205
Expenses:	
Salaries	296,089
Fringe Benefits	76,925
Purchased/Contracted Services	265,327
Supplies	12,880
Depreciation Expenses	4,211
Other	12,268
Total Expenses	667,700
Changes in Net Assets	\$ 910,505

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Expenses and Program Revenues – Governmental Activities



Revenues by Sources – Governmental Activities



Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Financial Analysis of the Governmental Fund

Governmental Fund. Information about the Council's governmental fund starts on page 13. This fund is accounted for using the modified accrual basis of accounting. The Council only has one governmental fund: general fund, which is the chief operating fund of the Council. The general fund had total revenues of \$1.5 million and expenditures of \$0.7 million. The total general fund balance increased by \$911 thousand to \$4.6 million for fiscal year 2005. Most of the fund balance is unrestricted. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total expenditures. Unreserved fund balance represents 14.6 percent of total general fund expenditures.

Capital Assets

At the end of fiscal year 2005, the Council had \$19,425 invested in equipment and furniture all used for governmental activities. The table below shows fiscal year 2005 balances compared to fiscal year 2004.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities	
	2005	2004
Furniture and Equipment	\$ 19,425	\$ 15,684

The increase in capital assets was due to \$7,952 of acquisition, offset by \$4,211 of depreciation. The Council continued its ongoing commitment to maintaining and improving its capital assets.

Current Issues Affecting Financial Condition

The finances of the Council are dependent upon school district membership dues, and participation of school districts and municipalities in various programs offered through the Council for which the Council charges fees. Membership in the Council has been steady at about 90 districts for several years. Participation in Council programs has also been slightly growing over the past several years.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

The mission of the Council is to provide districts the opportunity to buy products and services at significantly reduced prices. The Council has negotiated significant savings for school districts to purchase natural gas, electricity, various types of insurances, and various types of supplies and equipment. Long-term contracts have been negotiated for the purchase of natural gas and electricity, which assures a significant revenue stream for the Council through 2008 for the Electric Program and through 2011 for the Natural Gas Program. The Council receives fees from districts for their participation in a property, fleet and general liability insurance program, life insurance program and worker's compensation program and the cooperative purchasing program. Changes in the number of districts participating in any of these programs will affect the total revenue of the Council.

Contacting the Council's Financial Management

This financial report is designed to provide our members, citizens, taxpayers, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for money it receives. If you have questions about this report or need additional financial information, contact David Cottrell, Executive Director, at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

Ohio Schools Council
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets	
(Current)	
Equity in Pooled Cash and Cash Equivalents	\$ 4,531,391
Receivables:	
Accounts	83,493
Prepaid Items	11,936
Materials and Supplies Inventory	738
(Noncurrent)	
Depreciable Capital Assets, Net	<u>19,425</u>
<i>Total Assets</i>	<u>4,646,983</u>
Liabilities	
Accounts Payable	4,672
Accrued Wages and Benefits	38,864
Pension Obligation Payable	4,864
(Long-Term Liabilities):	
Due in More Than One Year	<u>12,303</u>
<i>Total Liabilities</i>	<u>60,703</u>
Net Assets	
Invested in Capital Assets	19,425
Unrestricted	<u>4,566,855</u>
<i>Total Net Assets</i>	<u><u>\$ 4,586,280</u></u>

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

Ohio Schools Council
Statement of Activities
For the Fiscal Year Ended June 30, 2005

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
Governmental Activities			
Salaries	\$ 296,089	\$ -	\$ (296,089)
Fringe Benefits	76,925	-	(76,925)
Purchased/Contracted Services	265,327	1,435,354	1,170,027
Supplies	12,880	-	(12,880)
Depreciation Expenses	4,211	-	(4,211)
Other	12,268	-	(12,268)
<i>Total Governmental Activities</i>	<u>\$ 667,700</u>	<u>\$ 1,435,354</u>	<u>\$ 767,654</u>
General Revenues			
Investment Earnings			\$ 42,827
Miscellaneous			24
<i>Total General Revenues</i>			<u>42,851</u>
Extraordinary Item			100,000
Changes in Net Assets			910,505
<i>Net Assets Beginning of Year, Restated (See Note 2)</i>			<u>3,675,775</u>
<i>Net Assets End of Year</i>			<u>\$ 4,586,280</u>

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

Ohio Schools Council
Balance Sheet
Governmental Funds
June 30, 2005

	General
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,531,391
Receivables:	
Accounts	83,493
Prepaid Items	11,936
Material and Supply Inventory	738
<i>Total Assets</i>	4,627,558
Liabilities	
Accounts Payable	4,672
Accrued Wages and Benefits	38,864
Pension Obligation Payable	4,864
<i>Total Liabilities</i>	48,400
Fund Balances	
Reserved for:	
Inventory	738
Unreserved:	
Undesignated, Reported in:	
General Fund	4,578,420
<i>Total Fund Balances</i>	4,579,158
<i>Total Liabilities and Fund Balances</i>	\$ 4,627,558

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

Ohio Schools Council
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2005*

Total Governmental Fund Balances	\$ 4,579,158
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,425
Long-term liabilities, including bonds, payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	<u>(12,303)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 4,586,280</u>

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

Ohio School Council
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General
Revenues	
Charges for Services	\$ 5,790
Interest	42,827
Fund Raisers/Contributions	6,075
Administrative Fees	1,423,489
Miscellaneous	24
<i>Total Revenues</i>	1,478,205
Expenditures	
Salaries	291,482
Fringe Benefits	76,925
Purchased/Contracted Services	242,155
Supplies	12,898
Capital Outlay	31,124
Other	12,268
<i>Total Expenditures</i>	666,852
Excess of Revenues Over (Under) Expenditures	811,353
Other Financing Sources (Uses)	
Extraordinary Items	100,000
<i>Total Other Financing Sources (Uses)</i>	100,000
<i>Net Change in Fund Balance</i>	911,353
<i>Fund Balance Beginning of Year, Restated (See Note 2)</i>	3,667,787
<i>Increase (Decrease) in Reserved for Inventory</i>	18
<i>Fund Balance End of Year</i>	\$ 4,579,158

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

Ohio Schools Council
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in the Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds \$ 911,353

***Amounts reported for governmental activities in the
statement of activities are different because***

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of these
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation exceeded capital outlay in the current period.

Fixed Assets Additions	7,952	
Current Year Depreciation	(4,211)	

Total		3,741
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Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current
financial resources and therefore are not reported as expenditures
in the governmental fund.

Compensated Absences Payable		(4,607)
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Inventory is reported as an asset when purchased and defer
the recognition of an expenditure until the period in which the
inventory is used. However, the net effect of the transaction
involving inventory is to increase (decrease) in governmental
activities.

	18	
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<i>Change in Net Assets of Governmental Activities</i>		<u>\$ 910,505</u>
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The notes to the basic financial statements are an integral part of this statement.

Ohio Schools Council
Statement of Fiduciary Assets
Fiduciary Funds
June 30, 2005

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,313,835
Accounts Receivable	8,122
Prepaid Items	15,756
<i>Total Assets</i>	6,337,713
Liabilities	
Accounts Payable	2,271,070
Intergovernmental Payable	2,662,406
Undistributed Monies	1,404,237
<i>Total Liabilities</i>	\$ 6,337,713

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

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Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Ohio Schools Council (the Council) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Council's accounting policies are described below.

A. Description of the Entity

The Ohio Schools Council, Cuyahoga County, Ohio, (the Council) is a jointly governed organization established under Chapter 167, Revised Code, in 1986. The Council is the primary government and consists of ninety-three school districts throughout Ohio. The Council operates under a nine-member Board of Directors (the Board) and provides services primarily in the areas of procurement and employee life insurance benefits. The Council also negotiates on behalf of its members and other not-for-profit entities to contract for property, fleet and casualty insurance, supplies, books, buses, natural gas, and electrical energy.

The Board has appointed an Executive Secretary/Treasurer who is responsible for receiving contributions, investing available funds, and carrying out such other responsibilities as designated by the Board.

Members and other not-for-profit entities contribute amounts sufficient to cover substantially all annual costs of the Council through program administration fees. Upon termination of the Council, surpluses remaining in any Council Program, after payment of all known obligations, will be distributed to the participating members in the manner provided in the Program Agreement. After payment of all known obligations of the Council, other than those incurred in connection with any program, any surplus remaining in the Council general fund shall be distributed among the members in the same proportion to the total remaining as the amount of each member's total share of operating costs incurred.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the Council is financially accountable. This report includes all activities considered by management to be part of the Council by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government also may be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of the debt or levying of taxes. Based on the foregoing criteria, the Council has no component units.

The financial statements of the Council have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Council also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or after November 30, 1989, to its governmental and business-type activities, and to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of Council's accounting policies are described below.

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

B. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the two funds of the Council are grouped under these fund categories: governmental and fiduciary.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Governmental Fund Types Governmental fund focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the major governmental fund:

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.

Fiduciary Fund Types Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trusts funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Council's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Council had the following significant Agency Funds:

Prepaid Natural Gas Program Fund: This fund is used to account for assets, held by the Council as an agent for member entities involved in the Council's administered prepaid natural gas program, which are remitted to a trust fund which services the debt issued by the City of Hamilton, Ohio for the pre-purchase of natural gas for the program.

Property/Fleet Insurance Fund: This fund is used to account for assets held by the Council as an agent for member entities involved in the Council's administered property/fleet insurance purchasing program.

Life Insurance Fund: This fund is used to account for assets held by the Council as an agent for member entities life insurance premiums.

C. Basis of Presentation

Government-wide Financial Statements The statement of net assets and statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental fund.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues which identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Council.

Fund Financial Statements Fund financial statements report detailed information about the Council. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and the statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The Council defines available as expected to be received within sixty days of year-end.

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Council must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, charges for services and fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Council passes an annual budget prior to the beginning of the fiscal year. Appropriations and amendments thereto are approved by the Board of Directors during the year as required.

F. Cash and Investments

Cash received by the Council is pooled in a central bank account with individual fund balance integrity maintained throughout. Monies for all funds are maintained in this account or temporarily used to purchase short-term cash equivalent investments which are stated at cost. State statutes authorize the Council to invest in obligations of, or guaranteed by, U.S. Treasury, agencies, and instrumentalities, repurchase agreements, bonds and other obligations of the State of Ohio, and the State Treasurer's Asset Reserve of Ohio (STAR Ohio). STAR Ohio is a state investment pool for the exclusive use of political subdivisions within the State of Ohio. During fiscal year 2005 investments were limited to Star Ohio and federal securities. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments in federal securities are valued at fair market value.

For the Council, all investment earnings accrue to the general fund and agency funds. Interest income earned in fiscal year 2005 for the general fund is \$42,827.

G. Inventories

On the government-wide financial statements, inventories are represented at the lower of cost of market on a first-in, first out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first out basis. The cost of inventory items is recorded as an expenditure in the governmental fund type when purchased.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the governmental funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Council maintains a capitalization threshold of \$500.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Furniture and Equipment	5 – 15 years

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Council will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Council has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Council's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. For fiscal year 2005, the Council did not have the current portion of compensated absences payable.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental fund are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment is reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental fund. Repayments from the funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the financial statements.

M. Fund Balance Reserves

The Council records reservations for portions of fund equity which are legally segregated for specific future use of which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. The Council does not have any fund balance reserve for this current fiscal year.

N. Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Council and that are either unusual in nature or infrequent in occurrence. In fiscal year 2005, the Council received \$100,000 from First Energy Corporation for the reimbursement of legal fees, which would be considered an extraordinary item.

Note 2 – Changes in Accounting Principals and Restatement of Fund Balance of General Fund and Restatement of Assets and Liabilities of Agency Funds

Changes in Accounting Principles For the fiscal year 2005, the Council has implemented GASB No. 34, “Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments”; GASB No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”; GASB No. 38, “Certain Financial Statement Note Disclosures”; GASB No. 40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3”; GASB No. 41, “Budgetary Comparison Schedules – Perspective Differences – an amendment of GASB Statement No. 34”, GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements”, and GASB Technical Bulletin No. 2004-02, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.” At June 30, 2005, there was no effect on fund balances as a result of implementing GASB Statements No. 37, 38, 40 and 41.

Restatement of Fund Balance of General Fund In fiscal year 2004, the Council previously reported its fund balance on the cash basis. The implementation of general accepted accounting principles had the following effect on the general fund balance of the Council as it was previously reported.

	General Fund
Fund Balance at June 30, 2004	\$ 3,702,650
Restated Assets	19,680
Restated Liabilities	(54,543)
Fund Balance at July 1, 2004	\$ 3,667,787

GASB 34 creates new basic financial statements for reporting on the Council’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. The Council does not have any non-major funds for fiscal year 2005.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

The beginning net asset amount for governmental programs reflects the changes in fund balance for governmental funds at June 30, 2004, caused by the conversion to the accrual basis of accounting. The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	<u>Total Governmental Fund</u>
Fund Balances at June 30, 2004	<u>\$ 3,667,787</u>
Adjustments:	
GASB No. 34	
Capital Assets	15,684
GASB Interpretation No. 6	
Compensated Absences Payable	<u>(7,696)</u>
Governmental Activities Net Assets at July 1, 2004	<u><u>\$ 3,675,775</u></u>

Note 3 – Cash and Investments

State statutes require the classification of monies held by the Council into three categories.

1. Active Monies - Those monies required to be kept in a “cash” or “near-cash” status for immediate use by the Council. Such monies must be maintained either as cash in the Council Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

2. Inactive Monies - Those monies not required for use within the current five year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

3. Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Ohio law permits interim monies to be invested in legal securities (see Note 1F).

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned to it. Protection of the Council’s cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of the Council's deposits was \$1,872,940 and the bank balance was \$1,949,401. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,849,401 was uninsured. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the Council to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of June 30, 2005, the Council had the following investments:

	Fair Value	Weighted Average Maturity (Years)
FHLMC	\$ 4,948,755	0.72*
FHLB	988,905	0.71*
FNMA	1,235,418	0.33*
STAR Ohio	1,799,208	0.00
Total Fair Value	\$ 8,972,286	
Portfolio Weighted Average Maturity		0.52

* - The securities have various call dates. The Council believes no securities will be called.

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Credit Risk

The Council's investments at June 30, 2005 in FHLMC, FHLB, and FNMA are rated AAA by Standard & Poor's. Its investments in Star Ohio are rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The Council places no limit on the amount that may be invested in any one issuer. More than 5 percent of the Council's investments are in FHLMC, FHLB, and FNMA. These investments are 55.2%, 11.0%, and 13.8%, respectively, of the Council's total investments, for the amounts listed above.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 4 – Receivables

Receivables at June 30, 2005 consisted of only accounts receivable. All receivables are considered collectible in full.

Note 5 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements. Only contracted personnel who are under 260-day contract are eligible for vacation time.

Staff employed with a 260-day contract is entitled to the following vacation day schedule:

- Five days per year (first year)
- Ten days per year (2nd through 5th year)
- Fifteen days per year (6th through 11th year)
- Twenty days per year (12th year and thereafter)

Days in the above schedule refer to workdays. Up to five unused vacation days may be carried forward and must be used by August 30. If an employee does not use the five unused vacation days within the prescribed time, the employee loses that time.

Upon retirement or voluntary separation from the organization, accumulated sick leave may be paid to the employee on the following basis:

- After five years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 15 days.
- After ten years of continuous service with the Council, the employee is entitled to receive payment of his/her per diem rate up to one-fourth of accumulated sick leave not to exceed 30 days.
- After twenty years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 45 days.

Payment to the employee of this benefit shall eliminate all accumulated sick leave. Employees who retire or take a voluntary separation from the organization shall request severance pay within 3 months of leaving the Council.

Sick leave shall be applied according to the following schedule:

260 contract days	15 sick days per year
200 contract days	10 sick days per year
150 contract days	8 sick days per year
70 contract days	5 sick days per year.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Employees who work beyond the contractual amount of days must use those days within the 60 days following July 1. If an employee does not use the carry over days within the prescribed time, the employee loses that time. Carry over days will not be applied to severance payment for any employee.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	Balance 7/1/2004	Addition	Deletion	Balance 6/30/2005
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Furniture and Equipment	\$ 67,295	\$ 7,952	\$ -	\$ 75,247
Total Capital Assets, being depreciated:	67,295	7,952	-	75,247
Less Accumulated Depreciation:				
Furniture and Equipment	(51,611)	(4,211)	-	(55,822)
Total Accumulated Depreciation	(51,611)	(4,211)	-	(55,822)
Governmental Activities Capital Assets, Net	\$ 15,684	\$ 3,741	\$ -	\$ 19,425

Note 7 – Long Term Obligations

The changes in the Council long-term obligations during fiscal year 2005 were as follows:

	Principal Outstanding 7/1/2004	Additions	Deductions	Principal Outstanding 6/30/2005
Governmental Activities				
Compensated Absences	\$ 7,696	\$ 14,171	\$ (9,564)	\$ 12,303

In fiscal year 2005, the compensated absences liability in the governmental fund was paid out from the general fund.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 8 – Pension Plan

School Employees 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

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 percent of annual covered payroll. The Council picks-up the 10% employee share for all employees and remits the required 24% one month in arrears. A portion of the Council's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. 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 for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$46,549, \$43,236 and \$51,183; 89.6 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

Note 9 – Postemployment Benefits

The Council provides comprehensive health care benefits to retired employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. SERS is funded on a pay-as-you-go basis.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, Council paid \$11,405 to fund health care benefits, including the surcharge.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Note 10 – Risk Management

The Council has obtained commercial insurance for the following risks:

- Property and general liability
- Director and officer liability
- Trustee and fiduciary liability

The Council also provides health insurance, dental and life insurance to its employees through a private carrier.

Note 11 – Lease Obligation

On June 28, 2005, the Council entered into an operating lease with Rockside Square II, for the period of December 1, 2005 to November 30, 2008, for the rental of the space located at 6133 Rockside Road. The terms of the lease require payment in monthly installments in the amount of \$3,300.50.



**Auditor of State
Betty Montgomery**

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

Board of Directors
Ohio Schools Council
Cuyahoga County
6133 Rockside Road, Suite 10
Independence, Ohio 44131

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ohio Schools Council, Cuyahoga County, Ohio, (the Council) as of and for the year ended June 30, 2005, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 7, 2006, wherein we noted the Council implemented Governmental Accounting Standards Board Statement No. 34. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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 that we must report under *Government Auditing Standards*.

Ohio Schools Council
Cuyahoga County
Independent Accountants' Report on Internal Control over
Financial Reporting and Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management and the Board of Directors. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

February 7, 2006



**Auditor of State
Betty Montgomery**

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OHIO SCHOOLS COUNCIL

CUYAHOGA 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
MARCH 9, 2006**