



**Auditor of State
Betty Montgomery**

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended June 30, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Internal Service and Agency Funds For the Year Ended June 30, 2005.....	6
Notes to the Financial Statements	7
Schedule of Federal Receipts and Expenditures.....	13
Notes to the Schedule of Federal Receipts and Expenditures	14
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	17
Schedule of Findings.....	19

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

To the Council:

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 a February 2, 2005 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 opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 26, 2005

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Council Members:

We have audited the accompanying financial statements of Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the year ended June 30, 2005. 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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2005. Instead of the combined funds the accompanying financial statements present for 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2005 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, 2005, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Metropolitan Educational Council, Franklin County, Ohio, as of June 30, 2005, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended June 30, 2005. 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 September 26, 2005, 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.

We conducted our audit to opine on the Council's financial statements. The schedule of federal awards receipts and expenditures is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not required part of the financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Betty Montgomery
Auditor of State

September 26, 2005

**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, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Earnings on Investments	\$ 28,411	\$ -	\$ 28,411
Intergovernmental Receipts	-	1,646,013	1,646,013
Membership Dues	151,830	-	151,830
Administrative Fees	245,534	-	245,534
Miscellaneous	139,368	-	139,368
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	565,143	1,646,013	2,211,156
Cash Disbursements:			
Personal Services	283,626	-	283,626
Contractual Services	-	283,988	283,988
Purchased Services	92,892	770,756	863,648
Supplies and Materials	4,966	88,850	93,816
Miscellaneous	16,077	313,449	329,526
Capital Outlay	25,697	248,227	273,924
Total Cash Disbursements	<hr/> 423,258	<hr/> 1,705,270	<hr/> 2,128,528
Total Receipts Over/(Under) Disbursements	141,885	(59,257)	82,628
Fund Cash Balances, July 1	<hr/> 533,592	<hr/> 75,988	<hr/> 609,580
Fund Cash Balances, June 30	<u>\$ 675,477</u>	<u>\$ 16,731</u>	<u>\$ 692,208</u>
Reserves for Encumbrances, June 30	<u>\$ 5,719</u>	<u>\$ 8,291</u>	<u>\$ 14,010</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 - INTERNAL SERVICE AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Internal Service	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services:			
Computer Services	<u>\$ 3,673,407</u>	<u>\$ -</u>	<u>\$ 3,673,407</u>
Total Operating Cash Receipts	<u>3,673,407</u>	<u>-</u>	<u>3,673,407</u>
Operating Cash Disbursements:			
Personal Services	1,386,683	-	1,386,683
Contractual Services	2,225,364	-	2,225,364
Supplies and Materials	301,801	-	301,801
Miscellaneous	43,427	-	43,427
Capital Outlay	<u>182,582</u>	<u>-</u>	<u>182,582</u>
Total Operating Cash Disbursements	<u>4,139,857</u>	<u>-</u>	<u>4,139,857</u>
Operating Loss	<u>(466,450)</u>	<u>-</u>	<u>(466,450)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	48,989	8,818	57,807
Intergovernmental Receipts	993,733	-	993,733
Miscellaneous Receipts:			
Fleet, Liability and Property Insurance	-	1,636,897	1,636,897
Medical / Life Insurance	-	6,380,021	6,380,021
Self-Help Gas Program	-	16,600,959	16,600,959
Other Miscellaneous Receipts	<u>12,716</u>	<u>-</u>	<u>12,716</u>
Total Non-Operating Cash Receipts	<u>1,055,438</u>	<u>24,626,695</u>	<u>25,682,133</u>
Non-Operating Cash Disbursements:			
Contractual Services:			
Fleet, Liability and Property Insurance	-	1,332,079	1,332,079
Medical / Life Insurance	-	6,562,063	6,562,063
Self-Help Gas Program	<u>-</u>	<u>16,586,484</u>	<u>16,586,484</u>
Total Non-Operating Cash Disbursements	<u>-</u>	<u>24,480,626</u>	<u>24,480,626</u>
Net Receipts Over/(Under) Disbursements	588,988	146,069	735,057
Fund Cash Balances, July 1	<u>2,750,286</u>	<u>622,514</u>	<u>3,372,800</u>
Fund Cash Balances, June 30	<u>\$ 3,339,274</u>	<u>\$ 768,583</u>	<u>\$ 4,107,857</u>
Reserve for Encumbrances, June 30	<u>\$ 53,899</u>	<u>\$ 340,303</u>	<u>\$ 394,202</u>

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

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 accounting basis is similar to the cash receipts and disbursements accounting basis. The Council 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 disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at share values reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

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 significant Special Revenue Funds:

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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.

LSTA Grant Fund (Federal) – This fund receives federal monies under the Library Services Technology Act to consolidate Federal library service programs.

3. Internal Service Funds

These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis. The Council had the following significant Internal Service Fund:

Data Processing Fund – This fund receives charges for services from members to cover the costs of providing data processing services.

4. Fiduciary Funds (Agency Funds)

These funds are used to account for resources for which the Council is acting in an agency capacity. The Board had the following significant Fiduciary 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.

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 reappropriated.

A summary of 2005 budgetary activity appears in Note 3.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, employees are entitled to cash payments for unused vacation and sick leave, such as upon leaving employment. Unpaid leave is not reflected as a liability under the basis of accounting used by the Council.

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>2005</u>
Demand Deposits	\$2,611,055
STAR Ohio	<u>2,189,010</u>
Total Deposits and Investments	<u><u>\$4,800,065</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2005 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$515,950	\$565,143	\$49,193
Special Revenue	1,742,649	1,646,013	(96,636)
Internal Service	5,029,235	4,728,845	(300,390)
Total	<u>\$7,287,834</u>	<u>\$6,940,001</u>	<u>(\$347,833)</u>

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

3. BUDGETARY ACTIVITY (continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,000,800	\$428,977	\$571,823
Special Revenue	1,818,638	1,713,561	105,077
Internal Service	7,715,059	4,193,757	3,521,302
Total	\$10,534,497	\$6,336,295	\$4,198,202

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 State Statute Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System 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 or by calling (614) 222-5853.

For fiscal year ended June 30, 2005 plan members are required to contribute 10% of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. Prior to January 1, 2004, the employee's share of annualized retirement was completely paid by the Council; however, the Council did not intend to include the pick-up amounts in the compensation for retirement purposes. 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 SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$364,376, \$260,481, and \$240,763, respectively. The Council has paid all contributions required through June 30, 2005.

5. RISK MANAGEMENT

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.
- Building and its contents
- Director's and Officers Liability Insurance

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

5. RISK MANAGEMENT (Continued)

Commercial Insurance (Continued)

The Council also provides health insurance, life insurance and 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.

This page intentionally left blank.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<i>Institute of Museum and Library Services (IMLS)</i>				
The State Library of Ohio				
Library Service Technology Act	I-4-03	45.310	\$ -	\$ 41,740
	I-2-04	45.310	<u>669,564</u>	<u>655,075</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 669,564</u>	<u>\$ 696,815</u>

The accompanying notes to this schedule are an integral part of this schedule

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Council contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Council has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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*

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 (the Council) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 26, 2005, 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 to determine our auditing procedures in order to express our opinion 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 we must report under *Government Auditing Standards*.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Metropolitan Educational Council
Franklin County

Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*

Page 2

We intend this report solely for the information and use of the audit committee, management, Council Members, federal awarding agencies, and pass-through entities. 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

September 26, 2005



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Council Members:

Compliance

We have audited the compliance of the Metropolitan Educational Council, Franklin County, Ohio, (the Council) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal program. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, Council Members, federal awarding agencies, and pass-through entities. 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

September 26, 2005

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Library Services Technology Act CFDA 45.310
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: N/A
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
DECEMBER 13, 2005**