



**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

FINAL REGULAR AUDIT

**FOR THE PERIOD ENDED MARCH 31, 2015
AND THE YEARS ENDED JUNE 30, 2014-2013**



Dave Yost • Auditor of State

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the period ended March 31, 2015 and years ended June 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of March 31, 2015, June 30, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Metropolitan Educational Council, Franklin County, Ohio as of March 31, 2015, June 30, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Council ceased operations on March 31, 2015. Also discussed in Note 6, the Council merged with Tri-Rivers Educational Computer Association (TRECA) Educational Solutions to become Metropolitan Educational Technology Association (META) Solutions on April 1, 2015. On that date, all assets needed to pay the Council's outstanding obligations were transferred to META. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 23, 2015

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE PERIOD ENDED MARCH 31, 2015**

	Governmental Fund Type
	General Fund
Cash Receipts:	
Earnings on Investments	\$ 8,887
Charges for Services	102,612
Membership Dues	166,187
Administrative Fees	417,012
Miscellaneous	1,674
Total Cash Receipts	696,372
Cash Disbursements:	
Personal Services	321,869
Retirement & Benefits	121,310
Purchased Services	119,979
Supplies and Materials	16,001
Capital Outlay	12,079
Dues & Fees	2,164
Total Cash Disbursements	593,402
Total Receipts Over Disbursements	102,970
Other Financing Receipts:	
Refund of Prior Tax Expenditure	17,590
Total Other Financing Receipts:	17,590
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	120,560
Fund Balance Beginning of Period/July 1	2,151,673
Assigned	86,347
Unassigned	2,358,580
Fund Balance at End of Period March 31	\$ 2,272,233

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE PERIOD ENDED MARCH 31, 2015**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services:			
Computer Services	\$ 2,716,397	\$ -	\$2,716,397
Other Revenue	13,682	-	13,682
Total Operating Cash Receipts	<u>2,730,079</u>	<u>-</u>	<u>2,730,079</u>
Operating Cash Disbursements:			
Personal Services	943,872		943,872
Retirement and Insurance	414,703		414,703
Contractual Services	1,518,014		1,518,014
Supplies and Materials	500,863		500,863
Miscellaneous	23,215		23,215
Capital Outlay	23,746	-	23,746
Total Operating Cash Disbursements	<u>3,424,413</u>	<u>-</u>	<u>3,424,413</u>
Operating Loss	<u>(694,334)</u>	<u>-</u>	<u>(694,334)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	13,381	-	13,381
Intergovernmental Receipts	880,035	-	880,035
Miscellaneous Receipts:			
AEPA		628,094	628,094
Medical /Life/Vision Insurance	-	3,194,897	3,194,897
Total Non-Operating Cash Receipts	<u>893,416</u>	<u>3,822,991</u>	<u>4,716,407</u>
Non-Operating Cash Disbursements:			
Contractual Services:			
AEPA		55,169	55,169
Medical /Life/Vision Insurance	-	3,302,771	3,302,771
Self-Help Gas Program	-	15,930	15,930
Total Non-Operating Cash Disbursements	<u>-</u>	<u>3,373,870</u>	<u>3,373,870</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Refunds	199,082	449,121	648,203
Transfers-In	14,742	-	14,742
Refund of Prior Year Expenditure	101,786		101,786
Transfers-Out	<u>(14,742)</u>		<u>(14,742)</u>
Net Receipts Over Disbursements	300,868	449,121	749,989
Fund Balance Beginning of Period/July 1	<u>3,493,719</u>	<u>1,002,154</u>	<u>4,495,873</u>
Fund Balance at End of Period March 31	<u>\$ 3,794,587</u>	<u>\$ 1,451,275</u>	<u>\$ 5,245,862</u>

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue</u>	
Cash Receipts:			
Earnings on Investments	\$ 11,309	\$ -	\$ 11,309
Charges for Services	34,333	-	34,333
Membership Dues	206,127	-	206,127
Administrative Fees	710,612	-	710,612
Miscellaneous	7	-	7
State Grants	-	151,270	151,270
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	962,388	151,270	1,113,658
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Personal Services	503,450	-	503,450
Retirement & Benefits	194,973	-	194,973
Purchased Services	187,486	151,270	338,756
Supplies and Materials	15,114	-	15,114
Capital Outlay	604,378	-	604,378
Dues & Fees	7,975	-	7,975
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,513,376	151,270	1,664,646
	<hr/>	<hr/>	<hr/>
Total Receipts Under Disbursements	(550,988)	-	(550,988)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Transfers-In	15,000	-	15,000
Refund of Prior Tax Expenditure	341	-	341
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts:	15,341	-	15,341
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements	(535,647)	-	(535,647)
	<hr/>	<hr/>	<hr/>
Fund Balance Beginning of YR/July 1	2,687,320	-	2,687,320
	<hr/>	<hr/>	<hr/>
Assigned	17,872	-	17,872
Unassigned	2,169,545	-	2,169,545
	<hr/>	<hr/>	<hr/>
Fund Balance at End of YR June 30	\$ 2,151,673	\$ -	\$ 2,151,673

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services:			
Computer Services	\$ 3,323,334	\$ -	\$ 3,323,334
Other Revenue	18,375	-	18,375
Total Operating Cash Receipts	<u>3,341,709</u>	<u>-</u>	<u>3,341,709</u>
Operating Cash Disbursements:			
Personal Services	1,252,470		1,252,470
Retirement and Insurance	561,006		561,006
Contractual Services	1,550,886		1,550,886
Supplies and Materials	596,628		596,628
Miscellaneous	34,543		34,543
Capital Outlay	151,792	-	151,792
Total Operating Cash Disbursements	<u>4,147,325</u>	<u>-</u>	<u>4,147,325</u>
Operating Loss	<u>(805,616)</u>	<u>-</u>	<u>(805,616)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	16,859	-	16,859
Intergovernmental Receipts	1,011,529	-	1,011,529
Miscellaneous Receipts:			
AEPA		860,479	860,479
Medical /Life/Vision Insurance	-	4,271,817	4,271,817
Other Miscellaneous Receipts	20,382	-	20,382
Total Non-Operating Cash Receipts	<u>1,048,770</u>	<u>5,132,296</u>	<u>6,181,066</u>
Non-Operating Cash Disbursements:			
Contractual Services:			
AEPA		742,673	742,673
Medical /Life/Vision Insurance	-	4,155,203	4,155,203
Self-Help Gas Program	-	14,500	14,500
Total Non-Operating Cash Disbursements	<u>-</u>	<u>4,912,376</u>	<u>4,912,376</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Refunds	243,154	219,920	463,074
Refund of Prior Year Expenditure Transfers-Out	45 (15,000)	-	45 (15,000)
Net Receipts Over Disbursements	<u>228,199</u>	<u>219,920</u>	<u>448,119</u>
Fund Balance Beginning of YR/July 1	3,265,520	782,234	4,047,754
Fund Balance at End of YR June 30	<u>\$ 3,493,719</u>	<u>\$ 1,002,154</u>	<u>\$ 4,495,873</u>

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Fund Type
	General Fund
Cash Receipts:	
Earnings on Investments	\$ 7,324
Charges for Services	30,907
Membership Dues	205,136
Administrative Fees	444,948
Miscellaneous	1,062
	689,377
Total Cash Receipts	689,377
Cash Disbursements:	
Personal Services	339,579
Retirement & Benefits	137,730
Purchased Services	98,253
Supplies and Materials	18,183
Capital Outlay	8,318
Dues & Fees	8,793
	610,856
Total Cash Disbursements	610,856
Total Receipts Over Disbursements	78,521
Other Financing Receipts:	
Transfers-In	500,000
Refund of Prior Tax Expenditure	72
	500,072
Total Other Financing Receipts:	500,072
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	578,593
Fund Balance Beginning of YR/July 1	2,108,727
Assigned	20,368
Unassigned	2,666,952
	2,687,320
Fund Balance at End of YR June 30	\$ 2,687,320

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services:			
Computer Services	\$ 3,235,374	\$ -	\$ 3,235,374
Total Operating Cash Receipts	3,235,374	-	3,235,374
Operating Cash Disbursements:			
Personal Services	1,225,066		1,225,066
Retirement and Insurance	528,480		528,480
Contractual Services	1,966,733		1,966,733
Supplies and Materials	568,846		568,846
Miscellaneous	48,105		48,105
Capital Outlay	48,053	-	48,053
Total Operating Cash Disbursements	4,385,283	-	4,385,283
Operating Loss	(1,149,909)	-	(1,149,909)
Non-Operating Cash Receipts:			
Earnings on Investments	14,775	118	14,893
Intergovernmental Receipts	1,174,515	-	1,174,515
Miscellaneous Receipts:			
AEPA		440,836	440,836
Medical /Life/Vision Insurance	-	3,743,193	3,743,193
Self-Help Gas Program	-	217,646	217,646
Other Miscellaneous Receipts		2,628	2,628
Total Non-Operating Cash Receipts	1,189,290	4,404,421	5,593,711
Non-Operating Cash Disbursements:			
Contractual Services:			
AEPA		385,196	385,196
Medical /Life/Vision Insurance	-	3,676,168	3,676,168
Self-Help Gas Program	-	225,484	225,484
Total Non-Operating Cash Disbursements	-	4,286,848	4,286,848
Excess of Receipts Over Disbursements Before Interfund Transfers	39,381	117,573	156,954
Transfers-Out	(500,000)		(500,000)
Net Receipts Over/(Under) Disbursements	(460,619)	117,573	(343,046)
Fund Balance Beginning of YR/July 1	3,726,139	664,661	4,390,800
Fund Balance at End of YR June 30	\$ 3,265,520	\$ 782,234	\$ 4,047,754

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013**

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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Council's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Council values its certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund report.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Local Government Innovation Fund(LGIF) Grant – This grant was for the Central Ohio Public Sector IT Partnership Assessment.

Mid-Mile Grant –This grant was for the fiber connections between the Information Technology Center (ITC)-sites and The Fiber Network (TFN) backbone.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Council had the following significant Enterprise Fund:

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

4. Agency Funds

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

Association of Educational Purchasing Agencies(AEPA) – State purchasing coops receive and disburse funds for expenses and annual disbursement to eight coops.

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

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

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

E. Budgetary Process

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

1. Appropriations/Estimated Receipts

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

2. Estimated Resources

Although not required by the Ohio Revised Code, the Council practices that budgetary receipts (that is estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2015, 2014 and 2013 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

H. Fund Balance

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

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

4. Assigned

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

5. Unassigned

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

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Council maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30, 2013 and 2014 and March 31, 2015 were as follows:

	2013		2014	2015
Demand Deposits	1,898,443		1,337,348	2,182,704
Certificates of Deposits	2,250,000		2,744,950	2,769,950
Money Markets	48,741		22,283	18,659
Total Deposits:	4,197,184		4,104,581	4,971,313
Star Ohio	2,537,890		2,542,965	2,546,782
Total Investments:	2,537,890		2,542,965	2,546,782
Total Deposits and Investments:	6,735,074		6,647,546	7,518,095

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

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the period ending March 31, 2015 and years ending June 30, 2014 and 2013 follows:

2015 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts	Actual Receipts	Variance	
General	\$1,101,932	\$713,962	(\$387,970)	
Enterprise	4,889,351	3,740,023	(1,149,328)	
Agency	4,950,262	3,822,991	(1,127,271)	
Total	\$10,941,545	\$8,276,976	(\$2,664,569)	
2015 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance	
General	\$867,628	\$679,749	\$187,879	
Enterprise	5,221,351	4,174,300	1,047,051	
Agency	5,025,866	3,439,188	1,586,678	
Total	\$11,114,845	\$8,293,237	\$2,821,608	
2014 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts	Actual Receipts	Variance	
General	\$974,900	\$977,729	\$2,829	
Special Revenue	151,270	151,270	0	
Enterprise	4,724,246	4,390,524	(333,722)	
Agency	4,698,000	5,132,296	434,296	
Total	\$10,548,416	\$10,651,819	\$103,403	
2014 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance	
General	\$1,519,976	\$1,531,248	\$(11,272)	
Special Revenue	151,270	151,270	0	
Enterprise	4,758,227	4,422,206	336,021	
Agency	4,397,986	4,912,677	(514,691)	
Total	\$10,827,459	\$11,017,401	\$(189,942)	

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts	Actual Receipts	Variance	
General	\$1,189,449	\$1,189,449	\$0	
Enterprise	4,424,665	4,424,665	0	
Agency	4,404,417	4,404,417	0	
Total	\$10,018,531	\$10,018,531	\$0	
2013 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance	
General	\$631,224	\$631,224	\$0	
Enterprise	4,953,869	4,953,869	0	
Agency	4,292,518	4,292,518	0	
Total	\$9,877,611	\$9,877,611	\$0	

4. RETIREMENT SYSTEM

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

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

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

4. RETIREMENT SYSTEM (Continued)

The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014 and 2013, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. For the period ending March 31, 2015 the allocation to pension and death benefits is 13.18%. The remaining .82% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Council's contributions to SERS for the period ending March 31, 2015, and years ended June 30, 2014 and 2013 were \$330,273, \$436,528 and \$390,618 respectively, which equaled the required contributions each year.

5. RISK MANAGEMENT

Liability, Fleet and Property Insurance Program

Members of the Liability, Fleet and Property Insurance Program are self-insured for property, general liability, school leader's errors and omissions, automobile, excess liability, crime, surety and bond, inland marine and other coverage. This program pays covered claims to service providers based on an actuarially determined cost per member. A comparison of program cash and investments to the actuarially-measured liability as of June 30, 2013 and 2014 and March 31, 2015 follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash and Investments	\$295,519	\$295,519	\$295,519

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

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

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

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

**METROPOLITAN EDUCATIONAL COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015, JUNE 30, 2014 AND 2013
(Continued)**

6. SUBSEQUENT EVENTS

A. Merger:

Metropolitan Educational Council and Tri-River Computer Association (TRECA) Educational Solutions have merged forming Metropolitan Educational Technology Association (META) Solutions - Ohio's largest and most comprehensive educational solutions provider. The governing boards of the two organizations approved the merger on Wednesday, March 11, 2015 with an effective date of March 31, 2015. On April 1, 2015, all assets needed to pay the Council's outstanding obligations were transferred to META.

As part of the merger all debts, liabilities, obligations, assets, etc. shall be deemed transferred to and vested in META by reason of the merger without further act or deed unless otherwise agreed upon for the purpose of fully implementing the merger.

B. Association of Educational Purchasing Agencies (AEPA):

Upon action at the Ohio Council of Educational Purchasing Consortia(OCEPC) March 18, 2015 meeting, the OCEPC transferred the fiscal agency AEPA funds from MEC to the Southwest Ohio Educational Purchasing Council (EPC). The transfer of funds was made on July 17, 2015.



Dave Yost • Auditor of State

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

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

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Metropolitan Educational Council, Franklin County, Ohio (the Council) as of and for the period ended March 31, 2015 and years ended June 30 2014 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 23, 2015, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted that the Council ceased operations on March 31, 2015. On April 1, 2015, the Council merged with TRECA Educational Solutions to become META Solutions.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

November 23, 2015



Dave Yost • Auditor of State

METROPOLITAN EDUCATION 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 24, 2015**