



**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Six District Educational Compact
Summit County
431 Stow Ave.
Cuyahoga Falls, Ohio 44221

To the Executive Committee:

We have audited the accompanying financial statements of the Six District Educational Compact, Summit County, (the Compact) as of and for the year ended June 30, 1999, as listed in the Table of Contents. These financial statements are the responsibility of the Compact's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Compact prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Compact as of June 30, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2000 on our consideration of the Compact's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Six District Educational Compact
Summit County
Report of Independent Accountants
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This report is intended solely for the information and use of management, the Executive Committee and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 25, 2000

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Tuition and Fees	\$317,675		\$317,675
Charges for Services	194,161		194,161
Intergovernmental - State		\$105,846	105,846
Intergovernmental - Federal		306,588	306,588
Total Cash Receipts	511,836	412,434	924,270
Cash Disbursements:			
Current:			
Instruction:			
Vocational	310,984	117,528	428,512
Support Services:			
Pupil		16,532	16,532
Instructional Staff		175,228	175,228
Administration	137,281	1,951	139,232
Operations and Maintenance of Plant Central		11,123 35,856	11,123 35,856
Total Cash Disbursements	448,265	358,218	806,483
Total Cash Receipts Over Cash Disbursements	63,571	54,216	117,787
Other Financing Receipts/(Disbursements):			
Advances- To Cuyahoga Falls City School District		(33,290)	(33,290)
Advances- From Cuyahoga Falls City School District		128,118	128,118
Advances- To Hudson Local School District	(16,978)		(16,978)
Advances- From Hudson Local School District	6,803		6,803
Total Other Financing Receipts / (Disbursements)	(10,175)	94,828	84,653
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	53,396	149,044	202,440
Fund Cash Balances, July 1 (Note 1)	1,869	28,263	30,132
Fund Cash Balances, June 30	\$55,265	\$177,307	\$232,572

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Six District Educational Compact (the Compact) is a body politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution of the State of Ohio. The Compact began operating as a Regional Council of Governments effective July 1, 1998, as defined by Chapter 167 of the Ohio Revised Code.

The Compact is a jointly governed organization consisting of six participating school districts: Cuyahoga Falls City School District, Hudson Local School District, Kent City School District, Stow-Monroe Falls City School District, Tallmadge City School District, and Woodridge Local School District, to provide for the vocational and special education needs of their students. Students may attend any vocational or special education class offered by any of the six individual school districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays tuition to the school district that offers the class.

The Compact operates under the direction of a six member Executive Committee which is comprised of the superintendent from each of the participating school districts. The Committee exercises total control over the operation of the Compact, including contracting and designating management. The Compact is not required to budget in accordance with the Ohio Revised Code. The Treasurer of Cuyahoga Falls City School District administers the grants and tuition reimbursement operations of the Compact, and the Treasurer of Hudson Local School District administers the administrative operations of the Compact.

The Compact provides a permanent forum for discussion and study of problems of mutual interest and concern to its member school districts, and develops policies and action recommendations for implementation either by the Compact itself, or by one or more of its member school districts.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned. Disbursements are recognized when they are paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Investments

The Cuyahoga Falls City School District and the Hudson Local School District serve as fiscal agents for the Compact. The investment of each District's funds, including Compact funds, is determined by the respective District's Treasurer. The Compact deposits and invests in financial institutions and investment instruments in accordance with the guidelines established in Ohio Revised Code Section 135. Prior to fiscal 1999, the Compact operated informally among the member districts. Effective July 1, 1998, a Regional Council of Governments was formalized and cash of \$30,132 was transferred to the Compact as its beginning fund balance.

D. Fund Accounting

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

Governmental Funds:

Governmental Funds are those through which most governmental functions of the Compact are financed. The following are the Compact's Governmental Fund Types:

General Fund – The General Fund is the operating fund of the Compact and is used to account for all financial resources except those required by law or contract to be accounted for in another fund. The General Fund balance is available to the Compact for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The Compact had the following significant Special Revenue Fund:

Vocational Education - This Fund is used to account for federal money passed-through the Ohio Department of Education for vocational educational classes.

E. Property, Plant, & Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS

The Compact's cash is held by the Cuyahoga Falls City School District Treasurer and the Hudson Local School District Treasurer which maintain cash and investment pools used by all funds, including those of the Compact. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 follows:

	<u>1999</u>
Total Deposits & Investments	\$232,572

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

NOTE 3 – CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts that may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Six District Educational Compact
Summit County
431 Stow Ave.
Cuyahoga Falls, Ohio 44221

To the Executive Committee:

We have audited the accompanying financial statements of the Six District Educational Compact, Summit County, (the Compact) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Compact's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Compact in a separate letter dated February 25, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Compact's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Six District Educational Compact
Summit County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Compact in a separate letter dated February 25, 2000.

This report is intended for the information and use of management and the Executive Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 25, 2000



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SIX DISTRICT EDUCATIONAL COMPACT

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 11, 2000