



**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Six District Educational Compact
Summit County
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

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, 2000, 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 auditing standards generally accepted in the United States of America 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 described 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 Six District Educational Compact, Summit County, as of June 30, 2000, 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 December 21, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Compact, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Executive Committee, and other officials authorized to receive this report under Section 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

December 21, 2001

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Tuition and Fees	\$275,902		\$275,902
Charges for Services	112,281		112,281
Intergovernmental - State		\$121,789	121,789
Intergovernmental - Federal		295,299	295,299
Other	3,282		3,282
 Total Cash Receipts	 391,465	 417,088	 808,553
Cash Disbursements:			
Current:			
Instruction:			
Regular		12,071	12,071
Vocational	252,084	125,301	377,385
Other	18,222		18,222
Support Services:			
Pupil		30,973	30,973
Instructional Staff		245,192	245,192
Administration	148,496	8,726	157,222
Operations and Maintenance of Plant		11,813	11,813
Central		24,068	24,068
 Total Cash Disbursements	 418,802	 458,144	 876,946
 Total Cash Receipts Over/(Under) Cash Disbursements	 (27,337)	 (41,056)	 (68,393)
Other Financing Receipts/(Disbursements):			
Advances-In - From Cuyahoga Falls City School District		91,405	91,405
Advances-Out - To Cuyahoga Falls City School District		(128,118)	(128,118)
 Total Other Financing Receipts/(Disbursements)	 0	 (36,713)	 (36,713)
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (27,337)	 (77,769)	 (105,106)
 Fund Cash Balances, July 1 (Note 5)	 78,377	 177,307	 255,684
 Fund Cash Balances, June 30	 \$51,040	 \$99,538	 \$150,578

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

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**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

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 City 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, and its Board has also not adopted a budget. The Treasurer of Cuyahoga Falls City School District administers the grants and tuition reimbursement operations of the Compact, and the Treasurer of Hudson City School District administers the administrative operations of the Compact. The executive director of the Compact is an employee of Hudson City School District.

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 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 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.

C. CASH AND INVESTMENTS

The Cuyahoga Falls City School District and the Hudson City 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.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Compact's cash is held by the Cuyahoga Falls City School District Treasurer and the Hudson City 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 is as follows:

	<u>2000</u>
Total Deposits & Investments	\$150,578

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

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.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

4. State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 21, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

5. Restatement of Fund Cash Balance

The General Fund was understated due to the omission of the Summer School Fiscal Year Account.

	<u>General Fund</u>
Fund Balance as previously stated June 30, 1999	\$ 55,265
Restatement	<u>23,112</u>
Restated July 1, 2000	<u>\$ 78,377</u>

The omission had no effect on the fiscal year 1999 General Fund Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements.

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**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
(Passed Through Ohio Department of Education)				
Vocational Education - Basic Grants to States	43836-20-C1-98	84.048		\$ 2,000
	43836-20-C1-99		\$29,619	47,924
	43836-20-C1-00		<u>212,110</u>	<u>207,195</u>
Total Vocational Education - Basic Grants to States			241,729	257,119
Eisenhower Professional Development	43836-MS-S4-99P	84.281	<u>53,570</u>	<u>39,919</u>
Total U.S. Department of Education			295,299	297,038
<u>U.S. DEPARTMENT OF LABOR</u>				
(Passed Through Ohio Department of Education)				
School to Work	43836-WK-BE-00	17.249		<u>9,671</u>
Total			<u>\$295,299</u>	<u>\$306,709</u>

See Accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) is a summary of the activity of the Compact's federal award programs. The Schedule has been prepared on the cash basis of accounting.



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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 Avenue
Cuyahoga Falls, Ohio 44222

To the Executive Committee:

We have audited the financial statements of the Six District Educational Compact, Summit County, (the Compact) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 21, 2001. 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 *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 an immaterial instance of noncompliance that we have reported to management of the Compact in a separate letter dated December 21, 2001.

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 over financial reporting 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.

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 December 21, 2001.

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

This report is intended for the information and use of management, the Executive Committee, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 21, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Six District Educational Compact
Summit County
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

To the Executive Committee:

Compliance

We have audited the compliance of the Six District Educational Compact, Summit County, (the Compact) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The Compact's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Compact's management. Our responsibility is to express an opinion on the Compact'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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Compact's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Compact's compliance with those requirements.

In our opinion, the Compact complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2000-10977-001.

Internal Control Over Compliance

The management of the Compact 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 Compact's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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.

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 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 that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Executive Committee, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 21, 2001

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Vocational Education CFDA # 84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-10977-001

OMB Circular A-133, § __.300(e), states that the auditee shall ensure that audits required by this part are properly performed and submitted when due.

OMB Circular A-133, § __.200(a)(b), states that non-federal entities who expend \$300,000 or more in a year in federal awards shall have a single audit conducted for that year in accordance with the provisions of OMB Circular A-133.

OMB Circular A-133, § __.320, states that the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's reports or 9 months after the end of the audit period unless a longer period is agreed to in advance by the cognizant or oversight agency of the audit.

During 2000, the Compact expended more than \$300,000 in federal awards and failed to ensure that a single audit was conducted within the required nine month period. Accordingly, the data collection form and reporting package were not submitted within the aforementioned deadline.

The Compact should ensure that a single audit is conducted for years in which more than \$300,000 of federal awards is expended.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-10977-001	A single audit will be performed for fiscal year ending June 30, 2001.	June 30, 2001	Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JANUARY 22, 2002