

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

For The Fiscal Years Ended
June 30, 2007 and 2006

BART GRIFFITH, TREASURER



Mary Taylor, CPA

Auditor of State

Executive Committee
Six District Educational Compact
2386 Hudson-Aurora Road
Hudson, Ohio 44236

We have reviewed the *Independent Auditor's Report* of the Six District Educational Compact, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2005 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Six District Educational Compact is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 1, 2008

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**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Members of the Executive Committee
Six District Educational Compact
2386 Hudson-Aurora Road
Hudson, OH 44236

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Six District Educational Compact, Summit County, Ohio as of and for the fiscal years ended June 30, 2007 and 2006, which collectively comprise Six District Educational Compact's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Compact's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 opinions.

As discussed in Note 1, Six District Educational Compact prepares its financial statements and notes on the basis of cash receipts and disbursements ("cash basis"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Six District Educational Compact, Summit County, Ohio, as of June 30, 2007 and 2006, and the respective changes in cash basis financial position thereof for the fiscal years then ended in conformity with the basis of accounting as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of Six District Educational Compact's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education
Six District Educational Compact
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The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 14, 2007

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
UNAUDITED**

The management's discussion and analysis of the Six District Educational Compact (the "Compact") financial performance provides an overall review of the Compact's financial activities for the years ended June 30, 2007 and 2006, within the limitations of the Compact's cash basis of accounting. The intent of this discussion and analysis is to look at the Compact's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Compact's financial performance.

Financial Highlights

Key financial highlights for 2007 and 2006 are as follows:

- The total net cash assets of the governmental activities decreased \$11,997 at June 30, 2007, which represents a 10.86% decrease from fiscal year 2006. For fiscal year 2006, the total net cash assets of the governmental activities increased \$22,270 which represents a 25.24% increase from fiscal year 2005.
- For fiscal year 2007, the Compact had \$1,079,270 in cash disbursements related to governmental activities; \$1,077,273 of these cash disbursements were offset by program specific charges for services, grants or contributions. For fiscal year 2006, the Compact had \$1,187,526 in cash disbursements related to governmental activities; all of the cash disbursements were offset by program specific charges for services, grants or contributions. The Compact received an advance of \$10,000 from the fiscal agent, Hudson City School District, during fiscal year 2006. This advance was repaid during fiscal year 2007.
- The Compact's major funds are the general fund, Support Services fund, Other Local Grants fund and the Vocational Education Grants fund. The general fund had cash receipts of \$746,338 and \$824,799 in 2007 and 2006, respectively. The cash disbursements of the general fund, totaled \$732,394 and \$822,915 in 2007 and 2006, respectively. The general fund's cash balance increased \$13,944 from 2006 to 2007 and increased \$1,884 from 2005 to 2006.
- The Support Services fund, a Compact major fund, had cash receipts of \$33,808 and \$32,529 in 2007 and 2006, respectively. The Support Services fund had cash disbursements of \$21,164 and \$25,028 in 2007 and 2006, respectively. The Support Services fund cash balance increased \$12,644 from 2006 to 2007 and \$7,501 from 2005 to 2006.
- The Other Local Grants fund, a Compact major fund, had cash receipts of \$5,000 and \$2,986 in 2007 and 2006, respectively. The Other Local Grants fund had cash disbursements of \$5,651 and \$1,842 in 2007 and 2006, respectively. The Other Local Grants fund cash balance decreased \$651 from 2006 to 2007 and increased \$1,144 from 2005 to 2006.
- The Vocational Education Grants fund, a Compact major fund, had cash receipts of \$292,127 and \$293,972 in 2007 and 2006, respectively. The Vocational Education Grants fund had cash disbursements of \$320,061 and \$287,145 in 2007 and 2006, respectively. The Vocational Education Grants fund received a \$10,000 advance from the fiscal agent, Hudson City School District in 2006. This advance was repaid in 2007. The Vocational Education Grants fund cash balance decreased \$37,934 from 2006 to 2007 and increased \$16,827 from 2005 to 2006.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

Using These Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Compact's cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provides information about the activities of the whole Compact, presenting both an aggregate view of the Compact's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Compact's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Compact, there are four major governmental funds, the general fund, Support Services fund, Other Local Grants fund, and the Vocational Education Grants fund.

Reporting the Compact as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did we do financially during 2007 and 2006?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Compact's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Compact as a whole, the cash basis financial position of the Compact has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Compact's facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Governmental Activities includes the Compact's programs and services including instruction, and support services.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 10-11 and 14-15 of this report.

Reporting the Compact's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Compact, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Compact can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Compact has no proprietary or fiduciary funds.

**SIX DISTRICT EDUCATIONAL COMPACT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
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Fund financial reports provide detailed information about the Compact's major funds. The Compact uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Compact's most significant funds. The Compact's major governmental funds are the General Fund, Support Services fund, Other Local Grants fund and the Vocational Education Grants fund. The analysis of the Compact's major governmental funds begins on page 8.

Governmental Funds

Most of the Compact's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Compact's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Compact programs. Since the Compact is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 12-13 and 16-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-23 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets – Cash Basis provides the perspective of the Compact as a whole.

The table below provides a summary of the Compact's net cash assets for 2007, 2006, and 2005.

	Net Cash Assets		
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>Assets</u>			
Equity in pooled cash and cash equivalents	\$ 98,494	\$ 110,491	\$ 88,221
Total assets	<u>98,494</u>	<u>110,491</u>	<u>88,221</u>
<u>Net Assets</u>			
Restricted	76,339	98,358	77,972
Unrestricted	<u>22,155</u>	<u>12,133</u>	<u>10,249</u>
Total net assets	<u>\$ 98,494</u>	<u>\$ 110,491</u>	<u>\$ 88,221</u>

The total net cash assets of the Compact's governmental activities decreased \$11,997 from fiscal year 2006 to 2007 and increased \$22,270 from fiscal year 2005 to 2006. The balance of government-wide unrestricted net cash assets at June 30, 2007 of \$22,155 may be used to meet the Compact's ongoing obligations.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
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The table below shows the changes in net cash assets for fiscal year 2007, 2006, and 2005.

	Change in Net Cash Assets		
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
Cash Receipts:			
Program cash receipts:			
Charges for services and sales	\$ 772,076	\$ 855,028	\$ 781,845
Operating grants and contributions	<u>305,197</u>	<u>344,768</u>	<u>392,234</u>
Total program cash receipts	<u>1,077,273</u>	<u>1,199,796</u>	<u>1,174,079</u>
Cash Disbursements:			
Current:			
Instruction:			
Regular	9,623	6,271	225,359
Vocational	518,968	607,230	557,876
Other	2,317	205	-
Support services:			
Pupil	138,848	117,006	129,854
Instructional staff	219,991	266,001	198,351
Administration	1,400	2,789	2,206
Operations and maintenance	400	736	-
Central	2,684	1,842	6,891
Pass-through	<u>185,039</u>	<u>185,446</u>	<u>-</u>
Total cash disbursements	<u>1,079,270</u>	<u>1,187,526</u>	<u>1,120,537</u>
Increase (decrease) in net cash assets before advances	(1,997)	12,270	53,542
Advances in from fiscal agent	-	10,000	-
Repayment of advance to fiscal agent	<u>(10,000)</u>	<u>-</u>	<u>(59,279)</u>
Change in net cash assets	(11,997)	22,270	(5,737)
Net cash assets at beginning of year	<u>110,491</u>	<u>88,221</u>	<u>93,958</u>
Net cash assets at end of year	<u>\$ 98,494</u>	<u>\$ 110,491</u>	<u>\$ 88,221</u>

Governmental Activities

Governmental net cash assets decreased \$11,997 in 2007 from 2006 and increased by \$22,270 in 2006 from 2005. For 2007, total governmental cash disbursements of \$1,079,270 were offset by program cash revenues of \$1,077,273. For 2006, total governmental cash disbursements of \$1,187,526 were offset by program cash revenues of \$1,199,796.

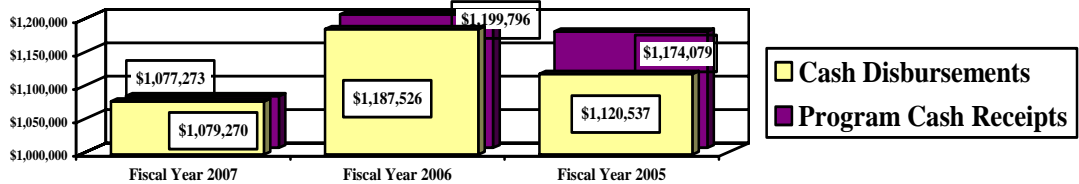
The primary sources of cash revenue for governmental activities are derived from charges for services. These revenue sources represent 71.67% and 71.26% for 2007 and 2006, respectively, of total governmental program cash revenue.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
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The largest cash disbursement of the Compact is for instructional activities. These cash disbursements totaled \$530,908 or 49.19% of total governmental cash disbursements for fiscal year 2007. These cash disbursements totaled \$613,706 or 51.68% of total governmental cash disbursements for fiscal year 2006.

Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007, 2006 and 2005. That is, it identifies the cost of these services supported by unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Cash disbursements:						
Current:						
Instruction:						
Regular	\$ 9,623	\$ (5,039)	\$ 6,271	\$ (3,609)	\$ 225,359	\$ (28,988)
Vocational	518,968	(9,887)	607,230	(1,389)	557,876	-
Other	2,317	(1,471)	205	(43)	-	-
Support services:						
Pupil	138,848	9,964	117,006	1,934	129,854	(1,736)
Instructional staff	219,991	(5,999)	266,001	(1,493)	198,351	(10,249)
Administration	1,400	(888)	2,789	(579)	2,206	(2,460)
Operations and maintenance	400	(253)	736	(154)	-	-
Central	2,684	309	1,842	(1,144)	6,891	(10,109)
Pass-thru	185,039	15,261	185,446	(5,793)	-	-
Total	\$ 1,079,270	\$ 1,997	\$ 1,187,526	\$ (12,270)	\$ 1,120,537	\$ (53,542)

The dependence upon program cash receipts for governmental activities is apparent; with all of cash disbursements supported through program cash receipts from charges for services and operating grants and contributions during 2006 and 99.81% during 2007.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

Financial Analysis of the Government's Funds

As noted earlier, the Compact uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Compact's governmental funds are accounted for using the cash basis of accounting.

The Compact's governmental funds reported a combined fund cash balance of \$98,494, which is \$11,997 below the 2006 fund cash balance of \$110,491. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2007, 2006, and 2005, for all major and nonmajor governmental funds.

	Fund Cash Balance			2007/2006	2006/2005
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>	Increase (Decrease)	Increase (Decrease)
Major Funds:					
General	\$ 26,077	\$ 12,133	\$ 10,249	\$ 13,944	\$ 1,884
Support Services	52,678	40,034	32,533	12,644	7,501
Other Local Grants	23,661	24,312	23,168	(651)	1,144
Vocational Education Grant	(3,922)	34,012	17,185	(37,934)	16,827
Other Governmental	<u>-</u>	<u>-</u>	<u>5,086</u>	<u>-</u>	<u>(5,086)</u>
Total	<u>\$ 98,494</u>	<u>\$ 110,491</u>	<u>\$ 88,221</u>	<u>\$ (11,997)</u>	<u>\$ 22,270</u>

General Fund

The general fund, a Compact major fund, had cash receipts of \$746,338 and \$824,799 in 2007 and 2006, respectively. The primary source of revenue in the general fund is charges for services. The cash disbursements of the general fund totaled \$732,394 and \$822,915 in 2007 and 2006, respectively. The two major cash disbursement expenditures are for vocational costs and instructional staff costs. The general fund's cash balance increased \$13,944 from 2006 to 2007 and \$1,884 from 2005 to 2006.

Support Services Fund

The Support Services fund, a Compact major fund, had cash receipts of \$33,808 and \$32,529 in 2007 and 2006, respectively. The cash receipts consisted of classroom materials and fees, charges for services, and contributions. The Support Services fund had cash disbursements of \$21,164 and \$25,028 in 2007 and 2006, respectively. The Support Services fund cash balance increased \$12,644 from 2006 to 2007 and \$7,501 from 2005 to 2006.

Other Local Grants Fund

The Other Local Grants fund, a Compact major fund, had cash receipts of \$5,000 and \$2,986 in 2007 and 2006, respectively. The Other Local Grants fund had cash disbursements for instructional staff and central expenditures of \$5,561 in 2007 and central expenditures of \$1,842 in 2006. The Other Local Grants fund cash balance decreased \$651 from 2006 to 2007 and increased \$1,144 from 2005 to 2006.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006
UNAUDITED**

Vocational Education Grants Fund

The Vocational Education Grants fund, a Compact major fund, had cash receipts, of \$292,127 and \$293,972 in 2007 and 2006, respectively. These receipts were all intergovernmental federal revenue. The Vocational Education Grants fund had cash disbursements of \$320,061 and \$287,145 in 2007 and 2006, respectively. The Vocational Education Grants fund received an advance in 2006 from Hudson City School District in the amount of \$10,000. This advance was repaid during fiscal year 2007. The Vocational Education Grants fund cash balance decreased \$37,934 from 2007 to 2006 and increased \$16,827 from 2006 to 2007.

Capital Assets and Debt Administration

Capital Assets

The Compact does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Compact had no capital outlay disbursements during fiscal year 2007 or 2006.

Debt Administration

The Compact had no long-term debt obligations outstanding at June 30, 2007 or 2006.

Current Financial Related Activities

Since its inception, the Compact continues to provide vocational programming to its six member districts in a manner that is more cost effective than the typical joint vocational school model. The six districts routinely come together to evaluate current programming and search for cost-effective solutions to additional educational demands and mandates. The ability to generate support from local agencies, including both the University of Akron and Kent State University, to explore and develop innovative programs continues to be a core strategy. The six member districts are committed to the continued effort to control expenses while providing exceptional programming.

Contacting the Compact's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Compact's finances and to show the Compact's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bart Griffith, Treasurer, Six District Educational Compact, 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

**BASIC FINANCIAL
STATEMENTS**

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 98,494
Total assets	98,494
Net assets:	
Restricted for:	
Locally funded programs.	23,661
Support services.	52,678
Unrestricted	22,155
Total net assets	\$ 98,494

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Current:				
Regular	\$ 9,623	\$ 10,161	\$ 4,501	\$ 5,039
Vocational	518,968	528,855	-	9,887
Other	2,317	2,884	904	1,471
Support services:				
Pupil	138,848	4,491	124,393	(9,964)
Instructional staff	219,991	221,961	4,029	5,999
Administration	1,400	1,742	546	888
Operations and maintenance	400	497	156	253
Central	2,684	-	2,375	(309)
Pass-through	185,039	1,485	168,293	(15,261)
Totals	\$ 1,079,270	\$ 772,076	\$ 305,197	(1,997)
				(10,000)
				(11,997)
				110,491
				\$ 98,494

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF ASSETS AND FUND CASH BALANCES/(DEFICIT) ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Support Services	Other Local Grants	Vocational Education Grants	Total Governmental Funds
Cash assets:					
Equity in pooled cash and cash equivalents	\$ 26,077	\$ 52,678	\$ 23,661	\$ (3,922)	\$ 98,494
Total assets	<u>\$ 26,077</u>	<u>\$ 52,678</u>	<u>\$ 23,661</u>	<u>\$ (3,922)</u>	<u>\$ 98,494</u>
Fund cash balances:					
Unreserved, undesignated (deficit), reported in:					
General fund	\$ 26,077	\$ -	\$ -	\$ -	\$ 26,077
Special revenue funds	-	52,678	23,661	(3,922)	72,417
Total fund cash balances (deficit)	<u>\$ 26,077</u>	<u>\$ 52,678</u>	<u>\$ 23,661</u>	<u>\$ (3,922)</u>	<u>\$ 98,494</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES/(DEFICIT)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Support Services	Other Local Grants	Vocational Education Grants	Total Governmental Funds
Cash receipts:					
From local sources:					
Classroom materials and fees	\$ -	\$ 7,097	\$ -	\$ -	\$ 7,097
Charges for services	746,338	18,641	-	-	764,979
Contributions and donations	-	8,070	5,000	-	13,070
Intergovernmental - federal.	-	-	-	292,127	292,127
Total cash receipts	<u>746,338</u>	<u>33,808</u>	<u>5,000</u>	<u>292,127</u>	<u>1,077,273</u>
Cash disbursements:					
Current:					
Regular	-	8,167	-	1,456	9,623
Vocational.	518,968	-	-	-	518,968
Other.	-	2,317	-	-	2,317
Support services:					
Pupil.	-	4,089	-	134,759	138,848
Instructional staff	213,426	3,598	2,967	-	219,991
Administration.	-	1,400	-	-	1,400
Operations and maintenance.	-	400	-	-	400
Central.	-	-	2,684	-	2,684
Pass-through.	-	1,193	-	183,846	185,039
Total cash disbursements.	<u>732,394</u>	<u>21,164</u>	<u>5,651</u>	<u>320,061</u>	<u>1,079,270</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>13,944</u>	<u>12,644</u>	<u>(651)</u>	<u>(27,934)</u>	<u>(1,997)</u>
Other financing uses:					
Repayment of advance to fiscal agent	-	-	-	(10,000)	(10,000)
Total other financing uses.	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Net change in fund cash balances	13,944	12,644	(651)	(37,934)	(11,997)
Fund cash balances at beginning of year	<u>12,133</u>	<u>40,034</u>	<u>24,312</u>	<u>34,012</u>	<u>110,491</u>
Fund cash balances (deficit) at end of year	<u>\$ 26,077</u>	<u>\$ 52,678</u>	<u>\$ 23,661</u>	<u>\$ (3,922)</u>	<u>\$ 98,494</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2006

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 110,491
Total assets	110,491
Net assets:	
Restricted for:	
Locally funded programs.	24,312
State and federally funded programs	34,012
Support services.	40,034
Unrestricted	12,133
Total net assets	\$ 110,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Current:				
Regular	\$ 6,271	\$ 7,521	\$ 2,359	\$ 3,609
Vocational	607,230	608,619	-	1,389
Other	205	248	-	43
Support services:				
Pupil	117,006	3,216	111,856	(1,934)
Instructional staff	266,001	221,984	45,510	1,493
Administration	2,789	3,368	-	579
Operations and maintenance	736	890	-	154
Central	1,842	-	2,986	1,144
Pass-through	185,446	9,182	182,057	5,793
Totals	\$ 1,187,526	\$ 855,028	\$ 344,768	12,270
				10,000
				22,270
				88,221
				\$ 110,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF ASSETS AND FUND CASH BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Support Services</u>	<u>Other Local Grants</u>	<u>Vocational Education Grants</u>	<u>Total Governmental Funds</u>
Cash assets:					
Equity in pooled cash and cash equivalents	\$ 12,133	\$ 40,034	\$ 24,312	\$ 34,012	\$ 110,491
Total assets	<u>\$ 12,133</u>	<u>\$ 40,034</u>	<u>\$ 24,312</u>	<u>\$ 34,012</u>	<u>\$ 110,491</u>
Fund cash balances:					
Unreserved, undesignated, reported in:					
General fund.	\$ 12,133	\$ -	\$ -	\$ -	\$ 12,133
Special revenue funds	<u>-</u>	<u>40,034</u>	<u>24,312</u>	<u>34,012</u>	<u>98,358</u>
Total fund cash balances.	<u>\$ 12,133</u>	<u>\$ 40,034</u>	<u>\$ 24,312</u>	<u>\$ 34,012</u>	<u>\$ 110,491</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	General	Support Services	Other Local Grants
Cash receipts:			
From local sources:			
Classroom materials and fees	\$ -	\$ 8,405	\$ -
Charges for services	824,799	21,824	-
Contributions and donations	-	2,300	2,986
Intergovernmental - state	-	-	-
Intergovernmental - federal	-	-	-
Total cash receipts	824,799	32,529	2,986
Cash disbursements:			
Current:			
Regular	-	6,227	-
Vocational	607,230	-	-
Other	-	205	-
Support services:			
Pupil	-	2,664	-
Instructional staff	215,685	4,806	-
Administration	-	2,789	-
Operations and maintenance	-	736	-
Central	-	-	1,842
Pass-through	-	7,601	-
Total cash disbursements	822,915	25,028	1,842
Excess (deficiency) of cash receipts over (under) cash disbursements	1,884	7,501	1,144
Other financing sources:			
Advance from fiscal agent	-	-	-
Total other financing sources	-	-	-
Net change in fund cash balances	1,884	7,501	1,144
Fund cash balances at beginning of year	10,249	32,533	23,168
Fund cash balances at end of year	\$ 12,133	\$ 40,034	\$ 24,312

-continued

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Vocational Education Grants	Other Governmental	Total Governmental Funds
Cash receipts:			
From local sources:			
Classroom materials and fees.	\$ -	\$ -	\$ 8,405
Charges for services	-	-	846,623
Contributions and donations	-	-	5,286
Intergovernmental - state.	-	45,510	45,510
Intergovernmental - federal.	293,972	-	293,972
Total cash receipts.	293,972	45,510	1,199,796
Cash disbursements:			
Current:			
Regular	44	-	6,271
Vocational.	-	-	607,230
Other.	-	-	205
Support services:			
Pupil.	109,256	5,086	117,006
Instructional staff	-	45,510	266,001
Administration.	-	-	2,789
Operations and maintenance.	-	-	736
Central.	-	-	1,842
Pass-through.	177,845	-	185,446
Total cash disbursements.	287,145	50,596	1,187,526
Excess (deficiency) of cash receipts over (under) cash disbursements.	6,827	(5,086)	12,270
Other financing sources:			
Advance from fiscal agent.	10,000	-	10,000
Total other financing sources	10,000	-	10,000
Net change in fund cash balances	16,827	(5,086)	22,270
Fund cash balances at beginning of year	17,185	5,086	88,221
Fund cash balances at end of year	\$ 34,012	\$ -	\$ 110,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

The Six District Educational Compact, Summit County, (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 in which the student resides; the school district of residence pays an instructional fee to the school district that offers the class. All cash receipts are generated from charges for services and operating grants and contributions.

The Compact operates under the direction of a six member executive committee that 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 Hudson City School District administers the grants, tuition reimbursement operations of the Compact and the administrative operations of the Compact. The executive director of the Compact is an employee of Hudson City School District, but her salary is reimbursed to the Hudson City School District by 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

The Compact chooses to prepare its financial statements and notes on the basis of cash receipts and disbursements. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The Compact uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Compact classifies each fund as governmental, proprietary or fiduciary. The Compact reports only governmental funds.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Governmental Funds - The Compact classifies funds financed primarily from intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Compact's major governmental funds:

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.

Support Services Fund - This fund is used to account for charges for services, fees and donations to support the programs of the Compact.

Other Local Grants Fund - This fund is used to account for local grants that are legally restricted to expenditures for specific purposes.

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

Other governmental funds of the Compact are used to account for grants and other resources whose use is restricted to a particular purpose.

D. Basis of Presentation and Measurement Focus

Government-wide Statement of Activities - Cash Basis - This statement displays information about the Compact as a whole. The government-wide statement of activities - cash basis compares disbursements with program receipts for each function or program of the Compact's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Compact. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the Compact.

Fund Financial Statements - Fund financial statements report detailed information about the Compact. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

E. Fiscal Agent

The Compact designates an Administrative Agent for all funds received in the name of the Compact. The Hudson City School District acts as the Administrative Agent. The Compact's funds are maintained in separate funds with the fiscal agent.

F. Capital Assets

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

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The Compact applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2007 and June 30, 2006, the Compact did not have any net assets restricted by enabling legislation.

NOTE 2 - EQUITY IN POOLED CASH

The Hudson City School District maintains a depository which includes the funds of the Compact. The Ohio Revised Code prescribes allowable deposits and investments. The Compact's carrying amount of cash on deposit with the fiscal agent at June 30, 2007 and June 30, 2006 was \$98,494 and \$110,491, respectively. The fiscal agent for the Compact is responsible for maintaining adequate depository collateral for all funds in the Hudson City School District's investment accounts.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the Compact is required to contribute at an actuarially determined rate. The current Compact rate is 14 percent of annual covered payroll. A portion of the Compact's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Compact's required contributions for pension obligations for the fiscal years ended 2007, 2006 and 2005 were \$3,344, \$4,090, and \$3,993, respectively.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 3 - DEFINED BENEFIT PENSION PLAN - (Continued)

B. State Teachers Retirement System

The Compact participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10 percent of their annual covered salary and the Compact is required to contribute at an actuarially determined rate. The current Compact rate is 14 percent of annual covered payroll. A portion of the Compact's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2007 and 2006, 13 percent of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The Compact's required contributions for pension obligations to the DB plan for fiscal years ended June 30, 2007, 2006 and 2005 were \$11,256, \$10,901 and \$20,082, respectively.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006**

NOTE 4 - POSTEMPLOYMENT BENEFITS

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

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Compact, this amount equaled \$866 for fiscal year 2007 and \$839 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. The surcharge is capped at 2 percent of each employer's SERS salaries. The amount to fund health care benefits equaled \$1,039 during the 2007 fiscal year and \$804 during the 2006 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of the Executive Committee
Six District Educational Compact
2386 Hudson-Aurora Road
Hudson, OH 44236

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Six District Educational Compact, Summit County, Ohio as of and for the fiscal years ended June 30, 2007 and 2006, which collectively comprise the Six District Educational Compact's basic financial statements and have issued our report thereon dated December 14, 2007, wherein, we noted Six District Educational Compact prepared its financial statements on the cash receipts and cash disbursements basis, a comprehensive accounting basis other than generally accepted accounting principles. 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 Six District Educational Compact's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Six District Educational Compact's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Six District Educational Compact's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Six District Educational Compact's ability to initiate, authorize, record, process or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of Six District Educational Compact's financial statements that is more than inconsequential will not be prevented or detected by Six District Educational Compact's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Six District Educational Compact's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of the Executive Committee
Six District Educational Compact

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Six District Educational Compact's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and members of the Executive Committee of Six District Educational Compact and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 14, 2007



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 15, 2008**