

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

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

For The Fiscal Years Ended
June 30, 2009 and 2008

BART GRIFFITH, TREASURER



Mary Taylor, CPA
Auditor of State

Members of the 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, 2007 through June 30, 2009. 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

November 25, 2009

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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, 2009 and 2008, 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 Six District Educational 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, 2009 and 2008, 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 October 12, 2009, 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.

Members of the Executive Committee
Six District Educational Compact
Page Two

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.
October 12, 2009

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
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, 2009 and 2008, 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 2009 and 2008 are as follows:

- The total net cash assets of the governmental activities increased \$430 at June 30, 2009, which represents a 0.34% increase from fiscal year 2008. For fiscal year 2008, the total net cash assets of the governmental activities increased \$26,546 which represents a 26.95% increase from fiscal year 2007.
- For fiscal year 2009, the Compact had \$1,169,115 in cash disbursements related to governmental activities; the entire amount of these cash disbursements were offset by program specific charges for services, grants or contributions. For fiscal year 2008, the Compact had \$1,157,459 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'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 \$846,522 and \$824,289 in 2009 and 2008, respectively. The cash disbursements of the general fund, totaled \$835,083 and \$823,355 in 2009 and 2008, respectively. The general fund's cash balance increased \$11,439 from 2008 to 2009 and increased \$934 from 2007 to 2008.
- The support services fund, a Compact major fund, had cash receipts of \$23,564 and \$21,749 in 2009 and 2008, respectively. The support services fund had cash disbursements of \$19,391 and \$22,974 in 2009 and 2008, respectively. The support services fund cash balance increased \$4,173 from 2008 to 2009 and decreased \$1,225 from 2007 to 2008.
- The other local grants fund, a Compact major fund, had cash receipts of \$5,000 and \$25,000 in 2009 and 2008, respectively. The other local grants fund had cash disbursements of \$12,948 and \$6,703 in 2009 and 2008, respectively. The other local grants fund cash balance decreased \$7,948 from 2008 to 2009 and increased \$18,297 from 2007 to 2008.
- The vocational education grants fund, a Compact major fund, had cash receipts of \$287,622 and \$310,374 in 2009 and 2008, respectively. The vocational education grants fund had cash disbursements of \$296,600 and \$300,090 in 2009 and 2008, respectively. The vocational education grants fund cash balance decreased \$8,978 from 2008 to 2009 and increased \$10,284 from 2007 to 2008.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
UNAUDITED

Using this 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 2009 and 2008?" 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
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
UNAUDITED

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

All 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 16-17 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 18-23 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 2009, 2008, and 2007.

	Net Cash Assets		
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Assets</u>			
Equity in pooled cash and cash equivalents	\$ 125,470	\$ 125,040	\$ 98,494
Total assets	<u>125,470</u>	<u>125,040</u>	<u>98,494</u>
<u>Net Assets</u>			
Restricted	89,636	99,773	76,339
Unrestricted	<u>35,834</u>	<u>25,267</u>	<u>22,155</u>
Total net assets	<u>\$ 125,470</u>	<u>\$ 125,040</u>	<u>\$ 98,494</u>

The total net cash assets of the Compact's governmental activities increased \$430 from fiscal year 2008 to 2009 and increased \$26,546 from fiscal year 2007 to 2008. The balance of government-wide unrestricted net cash assets at June 30, 2009 of \$35,834 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, 2009 AND 2008
UNAUDITED

The table below shows the changes in net cash assets for fiscal year 2009, 2008 and 2007.

	Change in Net Cash Assets		
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Cash Receipts:			
Program cash receipts:			
Charges for services and sales	\$ 866,946	\$ 843,058	\$ 772,076
Operating grants and contributions	<u>302,599</u>	<u>340,947</u>	<u>305,197</u>
Total program cash receipts	<u>1,169,545</u>	<u>1,184,005</u>	<u>1,077,273</u>
Cash Disbursements:			
Current:			
Instruction:			
Regular	4,005	5,200	9,623
Vocational	601,449	587,407	518,968
Other	2,579	2,089	2,317
Support services:			
Pupil	94,231	116,503	138,848
Instructional staff	242,168	244,240	219,991
Administration	8,168	1,171	1,400
Operations and maintenance	75	-	400
Central	6,990	6,703	2,684
Pass-through	<u>209,450</u>	<u>194,146</u>	<u>185,039</u>
Total cash disbursements	<u>1,169,115</u>	<u>1,157,459</u>	<u>1,079,270</u>
Increase in net cash assets before advances	430	26,546	(1,997)
Repayment of advance to fiscal agent	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Change in net cash assets	430	26,546	(11,997)
Net cash assets at beginning of year	<u>125,040</u>	<u>98,494</u>	<u>110,491</u>
Net cash assets at end of year	<u>\$ 125,470</u>	<u>\$ 125,040</u>	<u>\$ 98,494</u>

Governmental Activities

Governmental net cash assets increased \$430 in 2009 from 2008 and increased by \$26,546 in 2008 from 2007. For 2009, total governmental cash disbursements of \$1,169,115 were offset by program cash revenues of \$1,169,545. For 2008, total governmental cash disbursements of \$1,157,459 were offset by program cash revenues of \$1,184,005.

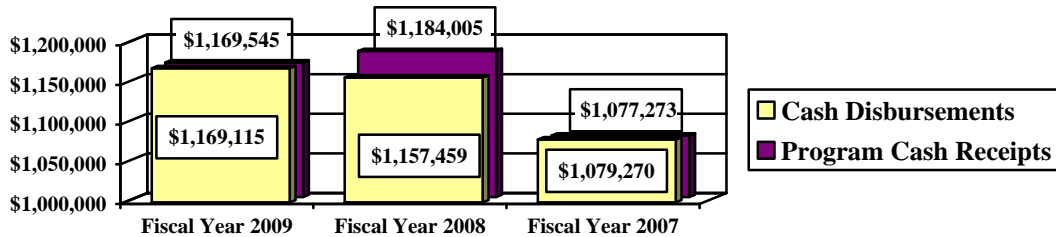
The primary sources of cash revenue for governmental activities are derived from charges for services. These revenue sources represent 74.13% and 71.20% for 2009 and 2008, respectively, of total governmental program cash revenue.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
UNAUDITED

The largest cash disbursement of the Compact is for instructional activities. These cash disbursements totaled \$608,033 or 52.01% of total governmental cash disbursements for fiscal year 2009. These cash disbursements totaled \$594,696 or 51.38% of total governmental cash disbursements for fiscal year 2008.

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 2009, 2008 and 2007. That is, it identifies the cost of these services supported by unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Cash disbursements:						
Current:						
Instruction:						
Regular	\$ 4,005	\$ (862)	\$ 5,200	\$ 279	\$ 9,623	\$ (5,039)
Vocational	601,449	(1,744)	587,407	1,053	518,968	(9,887)
Other	2,579	(555)	2,089	112	2,317	(1,471)
Support services:						
Pupil	94,231	2,122	116,503	(3,243)	138,848	9,964
Instructional staff	242,168	(12,179)	244,240	(34)	219,991	(5,999)
Administration	8,168	3,181	1,171	62	1,400	(888)
Operations and maintenance	75	(16)	-	-	400	(253)
Central	6,990	4,291	6,703	(18,297)	2,684	309
Pass-thru	209,450	5,332	194,146	(6,478)	185,039	15,261
Total	\$ 1,169,115	\$ (430)	\$ 1,157,459	\$ (26,546)	\$ 1,079,270	\$ 1,997

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 2009, 2008 and 2007.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
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 \$125,470, which is \$430 above the 2008 fund cash balance of \$125,040. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2009, 2008, and 2007, for all major and nonmajor governmental funds.

	Fund Cash Balance			2009/2008	2008/2007
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	Increase (Decrease)	Increase (Decrease)
Major Funds:					
General	\$ 38,450	\$ 27,011	\$ 26,077	\$ 11,439	\$ 934
Support Services	55,626	51,453	52,678	4,173	(1,225)
Other Local Grants	34,010	41,958	23,661	(7,948)	18,297
Vocational Education Grant	(2,616)	6,362	(3,922)	(8,978)	10,284
Other Governmental	-	(1,744)	-	1,744	(1,744)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 125,470</u>	<u>\$ 125,040</u>	<u>\$ 98,494</u>	<u>\$ 430</u>	<u>\$ 26,546</u>

General Fund

The general fund, a Compact major fund, had cash receipts of \$846,522 and \$824,289 in 2009 and 2008, respectively. The primary source of revenue in the general fund is charges for services. The cash disbursements of the general fund totaled \$835,083 and \$823,355 in 2009 and 2008, respectively. The two major cash disbursement expenditures are for vocational costs and instructional staff costs. The general fund's cash balance increased \$11,439 from 2008 to 2009 and \$934 from 2007 to 2008.

Support Services Fund

The support services fund, a Compact major fund, had cash receipts of \$23,564 and \$21,749 in 2009 and 2008, respectively. The cash receipts consisted of classroom materials and fees, charges for services, and contributions. The support services fund had cash disbursements of \$19,391 and \$22,974 in 2009 and 2008, respectively. The support services fund cash balance increased \$4,173 from 2008 to 2009 and decreased \$1,225 from 2007 to 2008.

Other Local Grants Fund

The other local grants fund, a Compact major fund, had cash receipts of \$5,000 and \$25,000 in 2009 and 2008, respectively. The other local grants fund had cash disbursements for administration and central expenditures of \$12,948 in 2009 and central expenditures of \$6,703 in 2008. The other local grants fund cash balance decreased \$7,948 from 2008 to 2009 and increased \$18,297 from 2007 to 2008.

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
UNAUDITED**

Vocational Education Grants Fund

The vocational education grants fund, a Compact major fund, had cash receipts, of \$287,622 and \$310,374 in 2009 and 2008, respectively. These receipts were all intergovernmental federal revenue. The vocational education grants fund had cash disbursements of \$296,600 and \$300,090 in 2009 and 2008, respectively. The vocational education grants fund cash balance decreased \$8,978 from 2008 to 2009 and increased \$10,284 from 2007 to 2008.

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 2009 or 2008.

Debt Administration

The Compact had no long-term debt obligations outstanding at June 30, 2009 or 2008.

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, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 125,470
Total assets	125,470
Net assets:	
Restricted for:	
Locally funded programs.	34,010
Support services.	55,626
Unrestricted	35,834
Total net assets	\$ 125,470

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, 2009

	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	\$ 4,005	\$ 4,218	\$ 649	\$ 862
Vocational	601,449	596,356	6,837	1,744
Other	2,579	2,716	418	555
Support services:				
Pupil	94,231	3,133	88,976	(2,122)
Instructional staff	242,168	253,790	557	12,179
Administration	8,168	2,328	2,659	(3,181)
Operations and maintenance	75	79	12	16
Central	6,990	-	2,699	(4,291)
Pass-through	209,450	4,326	199,792	(5,332)
Totals	\$ 1,169,115	\$ 866,946	\$ 302,599	430
				430
				125,040
				\$ 125,470

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, 2009

	<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 . .	\$ 38,450	\$ 55,626	\$ 34,010	\$ (2,616)	\$ 125,470
Total assets	<u>\$ 38,450</u>	<u>\$ 55,626</u>	<u>\$ 34,010</u>	<u>\$ (2,616)</u>	<u>\$ 125,470</u>
Fund cash balances:					
Unreserved, undesignated (deficit), reported					
General fund.	\$ 38,450	\$ -	\$ -	\$ -	\$ 38,450
Special revenue funds	<u>-</u>	<u>55,626</u>	<u>34,010</u>	<u>(2,616)</u>	<u>87,020</u>
Total fund cash balances (deficit)	<u>\$ 38,450</u>	<u>\$ 55,626</u>	<u>\$ 34,010</u>	<u>\$ (2,616)</u>	<u>\$ 125,470</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, 2009

	<u>General</u>	<u>Support Services</u>	<u>Other Local Grants</u>	<u>Vocational Education Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:						
From local sources:						
Classroom materials and fees.	\$ -	\$ 5,315	\$ -	\$ -	\$ -	\$ 5,315
Charges for services	846,522	15,109	-	-	-	861,631
Contributions and donations	-	3,140	5,000	-	-	8,140
Intergovernmental - state.	-	-	-	-	6,837	6,837
Intergovernmental - federal.	-	-	-	287,622	-	287,622
Total cash receipts	<u>846,522</u>	<u>23,564</u>	<u>5,000</u>	<u>287,622</u>	<u>6,837</u>	<u>1,169,545</u>
Cash disbursements:						
Current:						
Regular	-	4,005	-	-	-	4,005
Vocational	596,356	-	-	-	5,093	601,449
Other	-	2,579	-	-	-	2,579
Support services:						
Pupil.	-	2,975	-	91,256	-	94,231
Instructional staff	238,727	3,441	-	-	-	242,168
Administration.	-	2,210	5,958	-	-	8,168
Operations and maintenance.	-	75	-	-	-	75
Central	-	-	6,990	-	-	6,990
Pass-through.	-	4,106	-	205,344	-	209,450
Total cash disbursements	<u>835,083</u>	<u>19,391</u>	<u>12,948</u>	<u>296,600</u>	<u>5,093</u>	<u>1,169,115</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	11,439	4,173	(7,948)	(8,978)	1,744	430
Fund cash balances (deficit)						
at beginning of year	<u>27,011</u>	<u>51,453</u>	<u>41,958</u>	<u>6,362</u>	<u>(1,744)</u>	<u>125,040</u>
Fund cash balances (deficit) at end of year .	<u>\$ 38,450</u>	<u>\$ 55,626</u>	<u>\$ 34,010</u>	<u>\$ (2,616)</u>	<u>\$ -</u>	<u>\$ 125,470</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SIX DISTRICT EDUCATIONAL COMPACT
SUMMIT COUNTY**

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 125,040
Total assets	125,040
Net assets:	
Restricted for:	
Locally funded programs.	41,958
State and federally funded programs	6,362
Support services.	51,453
Unrestricted	25,267
Total net assets	\$ 125,040

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, 2008

	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	\$ 5,200	\$ 4,247	\$ 674	\$ (279)
Vocational	587,407	583,761	2,593	(1,053)
Other	2,089	1,706	271	(112)
Support services:				
Pupil.	116,503	7,074	112,672	3,243
Instructional staff	244,240	243,761	513	34
Administration.	1,171	957	152	(62)
Central	6,703	-	25,000	18,297
Pass-through.	194,146	1,552	199,072	6,478
Totals	\$ 1,157,459	\$ 843,058	\$ 340,947	26,546
Change in net cash assets.				26,546
Net cash assets at beginning of year.				98,494
Net cash assets at end of year				\$ 125,040

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, 2008

	<u>General</u>	<u>Support Services</u>	<u>Other Local Grants</u>	<u>Vocational Education Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash assets:						
Equity in pooled cash and cash equivalents	\$ 27,011	\$ 51,453	\$ 41,958	\$ 6,362	\$ (1,744)	\$ 125,040
Total assets	<u>\$ 27,011</u>	<u>\$ 51,453</u>	<u>\$ 41,958</u>	<u>\$ 6,362</u>	<u>\$ (1,744)</u>	<u>\$ 125,040</u>
Fund cash balances:						
Unreserved, undesignated (deficit), reported						
General fund.	\$ 27,011	\$ -	\$ -	\$ -	\$ -	\$ 27,011
Special revenue funds	<u>-</u>	<u>51,453</u>	<u>41,958</u>	<u>6,362</u>	<u>(1,744)</u>	<u>98,029</u>
Total fund cash balances (deficit)	<u>\$ 27,011</u>	<u>\$ 51,453</u>	<u>\$ 41,958</u>	<u>\$ 6,362</u>	<u>\$ (1,744)</u>	<u>\$ 125,040</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, 2008

	<u>General</u>	<u>Support Services</u>	<u>Other Local Grants</u>	<u>Vocational Education Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:						
From local sources:						
Classroom materials and fees.	\$ -	\$ 8,205	\$ -	\$ -	\$ -	\$ 8,205
Charges for services	824,289	10,564	-	-	-	834,853
Contributions and donations	-	2,980	25,000	-	-	27,980
Intergovernmental - state.	-	-	-	-	2,593	2,593
Intergovernmental - federal.	-	-	-	310,374	-	310,374
Total cash receipts	<u>824,289</u>	<u>21,749</u>	<u>25,000</u>	<u>310,374</u>	<u>2,593</u>	<u>1,184,005</u>
Cash disbursements:						
Current:						
Regular	-	5,200	-	-	-	5,200
Vocational	583,070	-	-	-	4,337	587,407
Other	-	2,089	-	-	-	2,089
Support services:						
Pupil.	-	8,658	-	107,845	-	116,503
Instructional staff	240,285	3,955	-	-	-	244,240
Administration.	-	1,171	-	-	-	1,171
Central	-	-	6,703	-	-	6,703
Pass-through.	-	1,901	-	192,245	-	194,146
Total cash disbursements	<u>823,355</u>	<u>22,974</u>	<u>6,703</u>	<u>300,090</u>	<u>4,337</u>	<u>1,157,459</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	934	(1,225)	18,297	10,284	(1,744)	26,546
Fund cash balances (deficit)						
at beginning of year	<u>26,077</u>	<u>52,678</u>	<u>23,661</u>	<u>(3,922)</u>	<u>-</u>	<u>98,494</u>
Fund cash balances (deficit) at end of year	<u>\$ 27,011</u>	<u>\$ 51,453</u>	<u>\$ 41,958</u>	<u>\$ 6,362</u>	<u>\$ (1,744)</u>	<u>\$ 125,040</u>

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, 2009 AND 2008**

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, 2009 AND 2008

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 and Fiscal 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, 2009 AND 2008

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.

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, 2009 and June 30, 2008 was \$125,470 and \$125,040, 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 - PENSION PLANS

A. School Employees Retirement System

Plan Description - 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - 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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For 2008, 9.16 percent of annual covered salary was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Compact's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$3,656, \$3,016 and \$3,131, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The Compact participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 3 - PENSION PLANS - (Continued)

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009 and 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Compact was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 employer contributions.

The Compact's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$11,915, \$11,594 and \$11,256, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The Compact's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

NOTE 4 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Compact participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009 and 2008, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Compact's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,673, \$1,376 and \$1,039, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Compact's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$302, \$217 and \$213, respectively.

B. State Teachers Retirement System of Ohio

Plan Description - The Compact contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 4 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009 and 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Compact's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$917, \$892 and \$866, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

NOTE 5 - CONTINGENCIES

A. Grants

The Compact receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Compact. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Compact.

B. Litigation

The Compact is involved in no material litigation as either plaintiff or defendant.

NOTE 6 - RISK MANAGEMENT

The Compact maintains comprehensive commercial insurance coverage for risks related to property loss or damage and general liability, through Hudson City School District.



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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, 2009 and 2008, which collectively comprise the Six District Educational Compact's basic financial statements and have issued our report thereon dated October 12, 2009, wherein, we noted Six District Educational Compact prepared its financial statements on the cash receipts and cash disbursements basis of accounting, a comprehensive basis of accounting 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.
October 12, 2009



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
DECEMBER 10, 2009**