

**West Geauga Local School District
Chesterland, Ohio**

EXCELLENCE
Through
Tradition & Innovation

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
West Geauga Local School District
8615 Cedar Road
Chesterland, Ohio 44026-3576

We have reviewed the *Independent Auditors' Report* of the West Geauga Local School District, Geauga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2005 through June 30, 2006. 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 West Geauga Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 23, 2007

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West Geauga Local School District

Comprehensive Annual Financial Report
For The Year Ended June 30, 2006

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Administrative Offices
8615 Cedar Road
Chesterland, Ohio 44026
(440) 729-5900
FAX (440) 729-5939

December 8, 2006

**Board of Education Members
West Geauga Local School District**

Ohio law (Ohio Administrative Code Section 117-2-03(B)) requires that all school districts file annual audited financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that the School District has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Ciuni & Panichi, Inc. (Certified Public Accountants and Business Advisors), have issued an unqualified ("clean") opinion on the West Geauga Local School District's financial statements for the year ended June 30, 2006. The Independent Auditors' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The School District

The West Geauga Local School District is located in western Geauga County and includes all of Chester and Russell townships and portions of surrounding townships (Munson, South Russell, and Hunting Valley). The school district operates two elementary schools (K-5), one middle school (6-8) and one high school (9-12).

The school district is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the West Geauga Board of Education, consisting of five members elected at large for staggered four-year terms.

Statutorily, the school district operates under standards prescribed by the Ohio State Board of Education, as provided in Division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide education services mandated by state and/or federal agencies.

West Geauga High School
13401 Chillicothe Road
Chesterland, Ohio 44026
(440) 729-5950
FAX (440) 729-5959

West Geauga Middle School
8611 Cedar Road
Chesterland, Ohio 44026
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FAX (440) 729-5909

vi

R.C. Lindsey Elementary
11844 Caves Road
Chesterland, Ohio 44026
(440) 729-5980
FAX (440) 729-5989

Westwood Elementary
13738 Caves Road
Novelty, Ohio 44072
(440) 729-5990
FAX (440) 729-5924

Reporting Entity

The West Geauga Local School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the school district for financial reporting purposes, management has considered its relationship with all departments, boards, organizations and agencies that make up the West Geauga Local School District.

Excluded from the reporting entity because they are fiscally independent of the school district are West Geauga Athletic Boosters, West Geauga Band Boosters, West Geauga Parent Teacher Organizations and the West Geauga Educational Foundation.

The school district is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the East Shore Regional Transportation System, the East Shore C2enter, the Ohio Schools Council, the West Geauga Joint Recreation Council and the Ohio School Boards Association Workers' Compensation Group Rating Plan.

A complete discussion of the school district's reporting entity is provided in Note 2 to the general purpose financial statements.

Local Economy

Chester and Russell townships are picturesque semi-rural residential communities with most of the residential areas zoned at three-acre minimums in Russell Township and three acre minimums in Chester Township. Housing types range from modest homes selling for \$150,000 to multi-million dollar homes. West Geauga Local School District residents also enjoy the presence of West Geauga Commons, a recreational park located in Russell Township. The school district includes small commercial districts located at the intersection of State Routes 306 and 87 in Russell Township and around the intersection of State Routes 306 and 322 in Chester Township.

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. This is a result of House Bill 920, which mandates that any reappraised property increases result in an approximately equal value decrease in millage. Currently, the voted permanent millage in the district has been reduced to the state minimum of 20 mills. As a result, West Geauga Local Schools, as well as school districts throughout Ohio, must place operating funding issues on the ballot at regular intervals (usually every three to four years) to keep pace with inflation and mandated programming and services.

Geauga County experienced a reappraisal of real estate in 2006 with tax collections beginning in January 2007. Since the school district is at the 20 mill floor, the lowest millage rate allowable by the State of Ohio, the school district's tax collections were raised to 20 mills in accordance with the law.

Long-Term Financial Planning

The challenge for West Geauga Local Schools to educate children on a stringent budget is getting even more difficult for our school district. The voters approved an additional 3.93 mill emergency operating levy (collection will be at 3.6 instead of the 3.93 mills passed) in May 2005. The levy is raising \$2.35 million per year for five years. Tax collection begins in January 2006. The West Geauga Board of Education requested the 3.93 mill amount based on a short-term fix due to the loss of state funding. Funds are being used to maintain current programs in the district and to pay off a Tax Anticipation Note (TAN) for the next four years (FY07-10). The school district received approximately 68.6% of its revenue from local taxes, 29% from the state and 2.4% from the federal government.

Major Initiatives

West Geauga Local Schools has taken additional steps in fiscal year 2006 to trim the district's conservative expenditures even further by putting a freeze on purchases where possible, not replacing six teacher positions, one administrative assistant, two custodial staff members and reducing hours in transportation. Despite the fact that the district keeps a tight watch on funds and will continue to do so with little revenue growth from year to year (reason for emergency levies) these circumstances will necessitate continuing to manage our financial resources in a prudent and conservative manner coupled with additional levies to create revenue growth.

Relevant Financial Policies

Pursuant to statute, the state prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The school district adopted and has been in conformance with that system beginning with the financial report for the 1983 fiscal year.

Internal Accounting and Budgetary Control

In developing the school district's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The school district utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

Prior to the beginning of each fiscal year, the board of education adopts an appropriations measure for that fiscal year. By statute, permanent appropriations must be adopted upon receipt from the county auditor of an amended certificate of estimated resources based on final assessed values and tax rates.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The county auditor must certify that the board of education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by the appropriate administrator and the superintendent and must be certified by the treasurer. Necessary funds are then encumbered, and purchase orders are released to vendors. Those requests, which exceed the available appropriation, are rejected until additional appropriations are secured.

The accounting system used by the school district provides interim financial reports, which detail fiscal year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each account administrator is provided with monthly reports showing the status of the budget accounts for which he/she is responsible. In addition, an online inquiry system is available at each administrative cost center.

The basis of accounting and the various funds and account groups utilized by West Geauga Local Schools are fully described in Note 2 of the financial statements. Additional information on the school district's budgetary accounting can also be found in Note 2.

Cash Management

The Board has established a cash management program that expedites the collection of local and state funds through electronic fund transfers and daily deposits. Funds are deposited in local financial institutions insured by the Federal Deposit Insurance Corporation as well as collateralized by investments in instruments issued by the United States Government or the State of Ohio.

Protection of the school district's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Board and designated third party trustees of the financial institution.

Awards and Acknowledgements

Instruction

The district's average daily student enrollment was 2,485 for fiscal year 2006. The West Geauga expenditure per pupil for fiscal year 2006 was \$9,009 compared to the state at \$9,356. The district received an overall rating of "excellent" on the August 2006 Local Report Card issued by the Ohio Department of Education by scoring 25 out of 25 state indicators. Proficiency test results in comparison with the state for fiscal year 2006 are as follows:

		<u>WG 06</u>	<u>WG 05</u>	<u>State 06</u>
3 rd Grade	Reading	92.5%	91.0%	75.1%
	Mathematics	86.2%	89.0%	74.9%
4 th Grade	Reading	94.4%	93.3%	76.8%
	Writing	98.1%	93.9%	85.9%
	Mathematics	96.3%	88.9%	76.9%
	Science		86.0%	
5 th Grade	Citizenship		84.4%	
	Reading	91.0%	93.7%	75.3%
	Mathematics	89.3%		62.7%
6 th Grade	Reading	94.2%	82.1%	83.6%
	Writing		92.0%	
	Mathematics	85.3%	78.5%	68.4%
	Science		79.9%	
	Citizenship		87.1%	
7 th Grade	Reading	87.8%		78.9%
	Mathematics	80.0%	82.2%	63.2%
8 th Grade	Reading	91.9%	91.4%	77.1%
	Mathematics	89.2%	86.0%	68.6%
10 th Grade OGT	Reading	96.1%	97.7%	89.4%
	Writing	95.7%	97.2%	88.0%
	Mathematics	94.8%	97.2%	82.7%
	Science	92.6%	92.5%	79.5%
	Social Studies	94.8%	93.0%	73.1%

		<u>WG 06</u>	<u>WG 05</u>	<u>State 06</u>
11 th Grade OGT	Reading	98.6%		93.7%
	Writing	98.6%		91.9%
	Mathematics	98.6%		88.9%
	Science	97.6%		82.8%
	Social Studies	97.2%		86.4%

Community

The Finance Advisory Community Team includes school district administrators, a West Geauga Board of Education member and members of the community. The mission of the group was to develop a financial strategy for the West Geauga Local School District that balances community resources and expectations with federal and state mandates and required academic outcomes.

The mission of the West Geauga Local Schools is to help students reach their academic and career potential and pursue high ethical standards. To achieve this, we blend traditional practices with proven educational innovations, including technology, in an effort to achieve and maintain a standard of excellence.

While holding these high expectations for our students is not new, the way our schools' and student achievement is measured and reported has changed due to the new federal law known as the No Child Left Behind Act (NCLB). President George W. Bush signed NCLB into law in January 2002. The goal of this legislation is to improve the achievement of every child in every classroom in every school. As a result of this legislation, states are required to "raise the bar" by tracking adequate yearly progress (AYP) each year in order to meet the NCLB goal of having all students, including those with disabilities previously exempted, proficient in reading and math by the 2013-14 school year.

While AYP is based on state test results, we believe our students are learning much more than what's measured on a single test on a single day. And while the bar has been raised, making it more difficult to reach all 23 indicators, this new reporting system gives schools an opportunity to make sure that ALL students succeed by tracking and measuring individual student's progress.

The primary focus of West Geauga Local Schools continues to be on educational programming. The district's programming serves our students, parents and community in an effort to continuously improve. This process involves assessing current programs, identifying areas in which to improve, developing options, selecting the best options, gathering measurable data and analyzing the results.

Thus, the challenge to provide the funds for our own programs with limited funding, in addition to providing money for unfunded government mandates at a time when state financial support is stagnant, remains a priority for the district.

National Awards

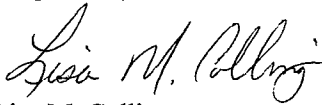
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The school district was awarded the Certificate of Achievement for the fiscal year 2005 report. We believe that our current report conforms to the award requirements, and we are submitting it to GFOA for consideration.

The publication of this report significantly enhances the school district's accountability to the residents of the West Geauga Local School District. The preparation of this report would not have been possible without the work and support of Ciuni & Panichi, Inc. In addition, the staff of the treasurer's office, various administrators and staff members of the school district, the Geauga County Auditor's Office staff and other outside agencies made possible the fair presentation of statistical data.

Finally, sincere appreciation is extended to the members of the West Geauga Board of Education for their support.

Respectfully submitted,



Lisa M. Colling
West Geauga Local School District Treasurer



Dr. Anthony Podojil
West Geauga Local School District Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to
West Geauga
Local School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

West Geauga Local School District

Principal Officials
June 30, 2006

Board of Education

Mrs. Sally Gillmore President
Mr. Benjamin Pintabona..... Vice President
Dr. William Beers.....Member
Mrs. Kathy Leavenworth.....Member
Mr. Dean PattersonMember

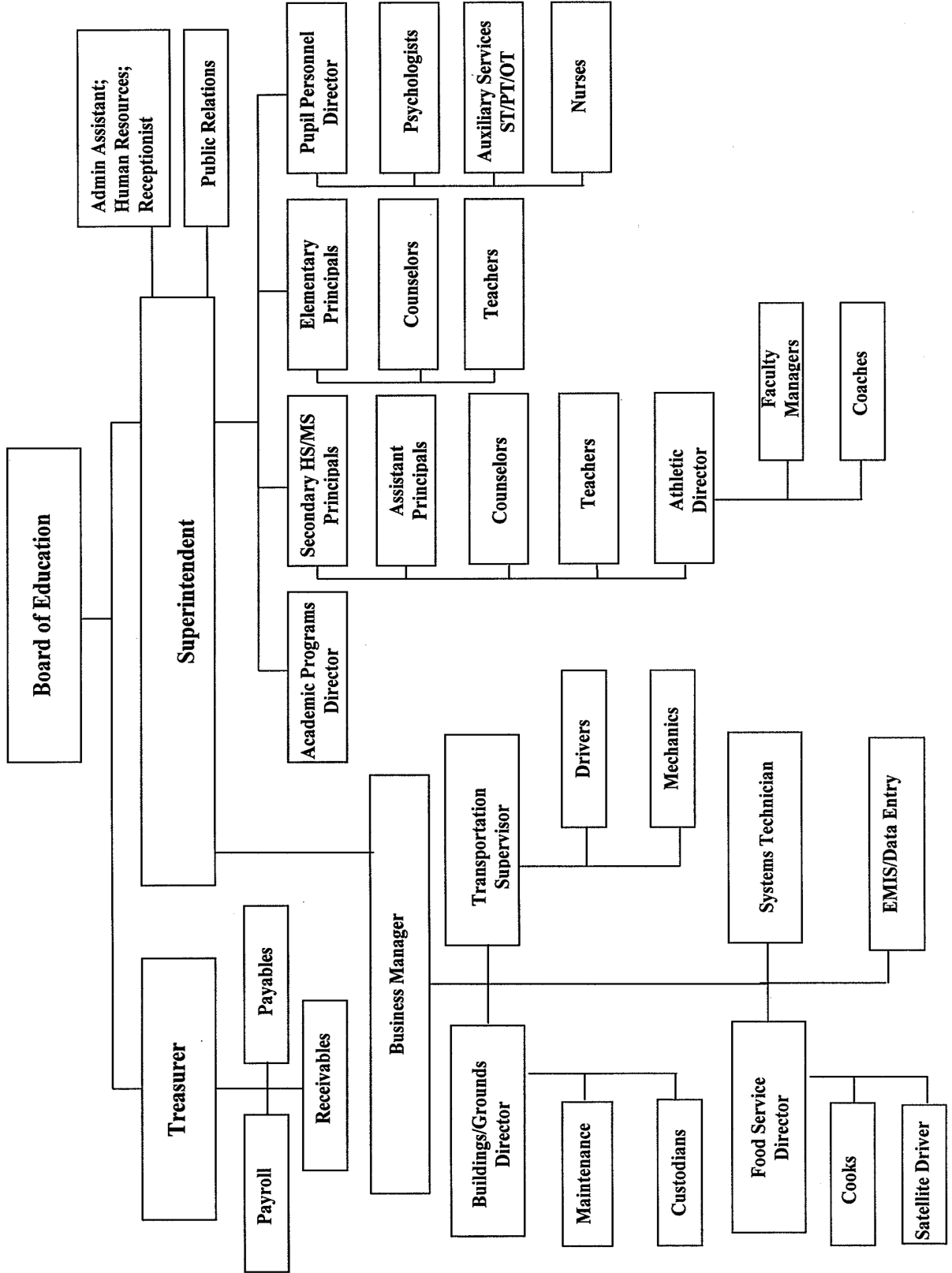
Treasurer

Mrs. Lisa M. Colling

Superintendent

Dr. Anthony Podojil

West Geauga Local School District



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Independent Auditors' Report

Board of Education
West Geauga Local School District
Chesterland, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Geauga Local School District (the "District") as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District'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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2006, the West Geauga Local School District implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits."

Board of Education
West Geauga Local School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

The Management's Discussion and Analysis is not a required part of the basic 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Geauga Local School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ciuni & Paricki, Inc.

Cleveland, Ohio
December 8, 2006

West Geauga Local School District

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

The discussion and analysis of the West Geauga Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets decreased \$1,050,377. Net assets of governmental activities decreased \$1,059,090. Net assets of business-type activities increased \$8,713, which represents a 0.68% increase from 2005.
- General revenues accounted for \$22,140,086 in revenue or 90.4% of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$2,363,060 in revenue or 9.6% of all revenues. The total of all revenues was \$24,503,146 for 2006.
- The District had \$24,691,123 of expenses related to government activities. \$1,671,947 of these expenses was offset by charges for services or operating grants. General revenues supporting governmental activities (primarily property taxes, unrestricted grants and entitlements) of \$22,140,086 were not adequate to provide for the balance of these programs resulting in a \$1,059,090 decrease in net assets from \$4,480,538 in 2005 to \$3,421,448 in 2006.
- The District had \$862,400 of expenses related to business-type activities. \$691,113 of these expenses was offset by charges for services or operating grants. General revenues supporting business-type activities (primarily miscellaneous revenues and transfers) of \$180,000 were sufficient to provide for these programs resulting in a \$8,713 increase in net assets from \$1,285,957 in 2005 to \$1,294,670 in 2006.
- The District had two major governmental funds, the general fund and the debt service fund. The general fund had \$19,729,768 in revenues and \$21,736,576 in expenses. The general fund's fund balance decreased \$2,006,808 from \$5,283,020 as of June 30, 2005 to \$3,276,212 at June 30, 2006. The debt service's fund balance decreased \$278,129 from \$2,128,389 at June 30, 2005 to \$1,850,260 at June 30, 2006.
- In May 2006 the District entered into a \$1,375,000 lease purchase agreement. These agreements will be used for building and land improvement purposes. Payments will begin in November 2006 and continue for seven years with the last payment in May 2013.

West Geauga Local School District

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Using this Comprehensive Annual Financial Report

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements describe how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the general fund and debt service funds are the most significant and the only funds reported as major funds.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

While reading these reports the most important questions asked about the District's finances are, "How did we do financially during 2006" and "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer these questions. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or diminishing. Non-financial factors such as property tax base, current property tax laws in Ohio which restrict revenue growth, student enrollment changes and facility conditions should be considered when reviewing the overall position of the District.

In the Statement of Net Assets and the Statement of Activities the District is divided into two types of activities, governmental activities and business-type activities. Governmental activities, the larger of the two, include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Business-type activities include those services that are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. Food services are included in business-type activities.

West Geauga Local School District

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 10. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the District'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 an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore the statements will essentially match the business-type activities portion of the entity-wide statements.

West Geauga Local School District
Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets exceeded liabilities by \$4,716,118 at June 30, 2006 and \$5,766,495 at June 30, 2005.

A comparative analysis of fiscal year 2006 to 2005 follows:

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets:						
Current assets	\$ 27,048,934	\$ 23,257,227	\$ 51,745	\$ 31,038	\$ 27,100,679	\$ 23,288,265
Capital assets	<u>14,077,054</u>	<u>14,248,772</u>	<u>1,277,136</u>	<u>1,302,145</u>	<u>15,354,190</u>	<u>15,550,917</u>
Total assets	<u>41,125,988</u>	<u>37,505,999</u>	<u>1,328,881</u>	<u>1,333,183</u>	<u>42,454,869</u>	<u>38,839,182</u>
Liabilities:						
Current liabilities	19,608,716	14,032,185	18,928	30,576	19,627,644	14,062,761
Long-term liabilities	<u>18,095,824</u>	<u>18,993,276</u>	<u>15,283</u>	<u>16,650</u>	<u>18,111,107</u>	<u>19,009,926</u>
Total liabilities	<u>37,704,540</u>	<u>33,025,461</u>	<u>34,211</u>	<u>47,226</u>	<u>37,738,751</u>	<u>33,072,687</u>
Net Assets:						
Invested in capital assets, net of debt	1,837,934	705,718	1,277,136	1,302,145	3,115,070	2,007,863
Restricted	3,811,634	3,759,648	-	-	3,811,634	3,759,648
Unrestricted (deficit)	<u>(2,228,120)</u>	<u>15,172</u>	<u>17,534</u>	<u>(16,188)</u>	<u>(2,210,586)</u>	<u>(1,016)</u>
Total net assets	\$ <u>3,421,448</u>	\$ <u>4,480,538</u>	\$ <u>1,294,670</u>	\$ <u>1,285,957</u>	\$ <u>4,716,118</u>	\$ <u>5,766,495</u>

A portion of the District's net assets reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net assets may be used to meet the District's ongoing activities.

The following table gives readers further details regarding the results of activities for the current and previous year and what makes up the changes in net assets.

West Geauga Local School District
Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Revenues				
Program revenues				
Charges for services	\$ 498,113	\$ 690,802	\$ 630,337	\$ 589,838
Operating grants	<u>1,173,834</u>	<u>1,102,892</u>	<u>60,776</u>	<u>43,189</u>
Total program revenues	<u>1,671,947</u>	<u>1,793,694</u>	<u>691,113</u>	<u>633,027</u>
General revenues				
Property taxes	14,864,926	21,471,779	-	-
Grants and entitlements	6,652,326	6,381,823	-	-
Investment earnings	293,555	117,274	-	-
Miscellaneous	<u>329,279</u>	<u>86,891</u>	<u>-</u>	<u>19,029</u>
Total general revenues	<u>22,140,086</u>	<u>28,057,767</u>	<u>-</u>	<u>19,029</u>
Total revenues	<u>23,812,033</u>	<u>29,851,461</u>	<u>691,113</u>	<u>652,056</u>
Expenses				
Program expenses				
Instruction:				
Regular	9,838,234	10,173,341	-	-
Special	2,505,389	2,288,866	-	-
Vocational	185,821	390,495	-	-
Other	391,716	322,298	-	-
Support services:				
Pupil	1,790,903	1,700,703	-	-
Instructional staff	870,190	814,183	-	-
Board of education	44,858	51,367	-	-
Administration	1,640,485	1,612,665	-	-
Fiscal services	735,376	590,209	-	-
Business	190,818	169,750	-	-
Operation & maintenance	1,757,726	2,819,479	-	-
Pupil transportation	1,782,371	1,761,637	-	-
Central	67,306	78,217	-	-
Community services	472,983	441,421	-	-
Extracurricular activities	765,699	735,399	-	-
Facilities acquisition and construction services	977,742	44,011	-	-
Interest and fiscal charges	673,506	812,376	-	-
Food service	-	-	672,620	681,896
Uniform school supplies	<u>-</u>	<u>-</u>	<u>189,780</u>	<u>179,733</u>
Total Expenses	<u>24,691,123</u>	<u>24,806,417</u>	<u>862,400</u>	<u>861,629</u>
Total excess of revenues over (under) expenses before transfers	(879,090)	5,045,044	(171,287)	(209,573)
Transfers	<u>(180,000)</u>	<u>(170,000)</u>	<u>180,000</u>	<u>170,000</u>
Changes in Net Assets	\$ <u>(1,059,090)</u>	\$ <u>4,875,044</u>	\$ <u>8,713</u>	\$ <u>(39,573)</u>

West Geauga Local School District
Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Governmental Activities

Net assets of the District's governmental activities decreased \$1,059,090. Total governmental expenses of \$24,691,123 were primarily offset by program revenues of \$1,671,947 and general revenues of \$22,140,086. Program revenues supported 6.8% of the total governmental expenses.

The primary sources of revenue for governmental activities are property taxes and grants and entitlements. These two revenue sources combine to account for 91.1% of total governmental revenue. Property taxes supported 60.2% of total expenses while grants and entitlements supported 26.9% of total expenses. These two revenue sources combined to support 87.1% of total governmental expenses.

Property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation providing the District the same amount of tax dollars as originally approved. School districts, such as ours, are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues management of the resources is of paramount concern to District' administration and the voting public. The District utilizes a five-year cash financial forecast to estimate revenues and control expenditures.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services.

West Geauga Local School District
 Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

	Governmental Activities			
	<u>Total Cost of Services 2006</u>	<u>Net Cost of Services 2006</u>	<u>Total Cost of Services 2005</u>	<u>Net Cost of Services 2005</u>
Program Expenses:				
Instruction:				
Regular	\$ 9,838,234	\$ 9,725,715	\$ 10,173,341	\$ 9,782,479
Special	2,505,389	1,865,313	2,288,866	1,748,409
Vocational	185,821	185,821	390,495	390,495
Other	391,716	386,681	322,298	322,298
Support Services:				
Pupil	1,790,903	1,790,903	1,700,703	1,700,703
Instructional Staff	870,190	813,826	814,183	742,879
Board of Education	44,858	44,858	51,367	51,367
Administration	1,640,485	1,630,581	1,612,665	1,612,665
Fiscal Services	735,376	726,907	590,209	582,227
Business	190,818	190,818	169,750	169,750
Operation & Maintenance	1,757,726	1,332,168	2,819,479	2,388,113
Pupil Transportation	1,782,371	1,772,959	1,761,637	1,749,860
Central Services	67,306	55,306	78,217	66,217
Community Services	472,983	472,983	441,421	425,038
Extracurricular Activities	765,699	373,089	735,399	423,836
Facilities acquisition and construction services	977,742	977,742	44,011	44,011
Interest and Fiscal Charges	673,506	673,506	812,376	812,376
Total Expenses	\$ <u>24,691,123</u>	\$ <u>23,019,176</u>	\$ <u>24,806,417</u>	\$ <u>23,012,723</u>

West Geauga Local School District
 Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Business-Type Activities

Business-type activities include food service operation, uniform supplies, and adult education. These programs had revenues of \$691,113, expenses of \$862,400, and transfers-in of \$180,000 for fiscal year 2006, and revenues of \$652,056, expenses of \$861,629, and transfers-in of \$170,000 for fiscal year 2005. The food service operations had expenses of \$672,620, revenues of \$480,630, and transfers-in of \$175,000 for fiscal year 2006, and expenses of \$681,896, revenues of \$463,728, and transfers-in of \$170,000 for fiscal year 2005. This resulted in a decrease to net assets for the fiscal year 2006 of \$16,990. The uniform supplies operations had expenses of \$189,780, revenues of \$210,483, and transfers-in of \$5,000 for fiscal year 2006, and expenses of \$179,733 and revenues of \$169,299 for fiscal year 2005. This resulted in an increase to net assets for fiscal year 2006 of \$25,703. The adult education operations had no expenses or revenues for both fiscal years 2006 and 2005. Management assesses the performance of each of these funds to ensure that they are run efficiently.

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$7,316,132, which is a \$1,889,980 decrease from last year's total of \$9,206,112. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance <u>June 30, 2006</u>	Fund Balance <u>June 30, 2005</u>	Increase (Decrease)
General	\$ 3,276,212	\$ 5,283,020	\$ (2,006,808)
Debt service	1,850,260	2,128,389	(278,129)
Other governmental	<u>2,189,660</u>	<u>1,794,703</u>	<u>394,957</u>
Total	<u>\$ 7,316,132</u>	<u>\$ 9,206,112</u>	<u>\$ (1,889,980)</u>

West Geauga Local School District
 Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

General Fund

The School District's General Fund balance decreased by \$2,006,808, due to many factors. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

<u>Revenues</u>	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
Taxes	\$ 12,762,759	\$ 17,650,451	(27.69)%
Earnings on investments	282,398	111,738	152.73
Intergovernmental	6,269,394	6,036,657	3.86
Other revenue	<u>415,217</u>	<u>254,995</u>	62.83
Total	<u>\$ 19,729,768</u>	<u>\$ 24,053,841</u>	

The property tax revenue is down \$4,887,697 due to the timing and amount available as an advance at fiscal year end as reported by the county. Cash basis property tax revenue increased by approximately \$2.2 million. Interest earnings increased \$170,660 due to increases in interest rates by the Federal Reserve Bank and increase in cash balance from borrowing on the May 2005 Levy. Intergovernmental revenues and other revenues increased \$232,737 and \$160,222 respectively due to an increase in miscellaneous fees.

The table that follows assists in illustrating the expenditures of the General Fund.

<u>Expenditures by Function</u>	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 12,553,734	\$ 12,131,076	3.48%
Support services	8,519,166	7,871,216	8.23
Extracurricular activities	477,256	453,235	5.30
Interest and fiscal charges	-	34,653	(100.00)
Refund of prior year receipts	<u>5,829</u>	<u>96</u>	5,971.88
Total	<u>\$ 21,555,985</u>	<u>\$ 20,490,276</u>	

Expenditures are up \$1,065,709 or 5.20% over the prior year due to salary and benefit increases associated with existing staff, health insurance increases and purchased services associated with special education.

Debt Service Fund

The District's debt service fund balance decreased by \$278,129 due to debt payments. The revenues of the fund are property taxes, calculated by the county auditor, and state homestead and rollback money computed as a percentage of the tax due to the fund. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees. Due to property reassessments and a refinancing of the School Improvement Bonds in 2001 the District reduced the tax rate by one half of one mill during the fiscal year. The remaining fund balance will be used to make upcoming debt payments as they become due.

West Geauga Local School District

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

Other Funds

Other governmental funds consist of special revenue and capital projects funds. The increase/decrease in fund balance is primarily due to project needs in the fiscal year.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District amended its revenue estimates to reflect changes in originally anticipated revenues from taxes, interest and state sources. The final budget for expenditures decreased by \$247,318 under the original budget primarily to decreases in instruction and support services. Other appropriations required changes in functional categories due to spending patterns.

The District utilizes the five-year forecast as the original document from which to form the operating budget. After updating of the forecast for changes in revenue and expenditure assumptions the operating budget begins at the school level. Each school in the district receives a per pupil allocation augmented with resources for special education students in the specific buildings. The departments then receive the remainder of funds to bring the budget into balance with the five-year forecast. The site and department budgets are reviewed periodically to ensure management becomes aware of any significant variations during the year.

Capital Assets

The School District had \$15,354,190 invested in capital assets net of depreciation, with \$14,077,054 attributed to government activities. Acquisition for government activities totaled \$685,507 and depreciation was \$853,694. The majority of the additions were represented by acquisition of building improvements, furniture and equipment, and vehicles. Detailed information regarding capital asset activities is included in the notes to the financial statement (Note 9).

Debt Administration

At June 30, 2006, the District had \$13,890,000 in outstanding bonds payable. Of this total, \$1,675,000 is due within one year and \$12,215,000 is due through fiscal year 2020. The District paid \$1,520,000 in principal on bonds outstanding during the fiscal year. Detailed information regarding long term debt and notes payable activity is included in the Note 15 to the basic financial statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2006, the District's general obligation debt was below the legal limit.

The District entered into a lease purchase agreement with Key Government Finance on May 25, 2006. There were two lease purchase agreements. One lease was for roofs in the amount of \$935,000. The second lease was for bleachers in the amount of \$440,000. The term of the lease purchase agreements is seven years at an interest rate of 4.739%.

West Geauga Local School District

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2006

The West Geauga Local Schools issued a Tax Anticipation Note (TAN) on June 16, 2005. This note was issued in anticipation of the collection of a fraction of the proceeds to be received from the collection of an ad valorem property tax levy. This levy was in excess of the ten-mill limitation approved by the electors of the School District at an election held on May 3, 2005 for the purpose of providing for the emergency requirements of the School District. The term of this TAN is 4 years with an interest rate of 4%.

Restrictions and Other Limitations

With the passage of the May 2005 emergency levy, the District is in a position to provide the same level of education for FY06 and FY07 with a minimal carryover balance. However, the future financial stability of the District is not without challenges.

The first challenge is for management to ensure resources can be preserved as long as possible. Operating and capital budgets are being utilized by management to manage financial resources effectively. The District has convened a Finance Advisory Community Team (FACT) to Develop a financial strategy for the West Geauga Local School District that balances community resources and expectations with federal and state mandates and required academic outcomes

The second challenge facing the District is based in the local economy. The District has experienced minimal growth during the past several years. Projections indicate that the growth rate of the District will remain level for the next five years. If this pattern changes, adjustments may have to be made to the financial models upon which time more information is known. Also, a sustained economic slowdown could result in revenue forecasts having to be revised downward. Either of these scenarios could cause the District to scale down the educational program offerings or seek additional resources.

The last challenge facing the District is the future of state funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding system is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..." The District is unable to determine what effect, if any, this decision will have on future funding from the State. Continued uncertainty exists regarding future State funding.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Treasurer Lisa Colling, West Geauga Local School District, 8615 Cedar Road, Chesterland, Ohio 44026 or call (440) 729-5900.

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West Geauga Local School District

Statement of Net Assets

June 30, 2006

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	
Assets:			
Equity in pooled cash and investments	\$ 5,346,658	\$ 130,436	\$ 5,477,094
Accounts receivable	11,300	1,111	12,411
Intergovernmental receivable	80,816	6,940	87,756
Internal balances	99,000	(99,000)	-
Materials and supplies inventory	8,646	-	8,646
Inventory	-	12,258	12,258
Taxes receivable	20,127,514	-	20,127,514
Restricted assets:			
Cash with escrow agent	1,375,000	-	1,375,000
Capital assets:			
Nondepreciable capital assets	695,500	-	695,500
Depreciable capital assets, net	<u>13,381,554</u>	<u>1,277,136</u>	<u>14,658,690</u>
Total assets	<u>41,125,988</u>	<u>1,328,881</u>	<u>42,454,869</u>
Liabilities:			
Accounts payable	161,709	1,177	162,886
Accrued wages and benefits	1,325,037	-	1,325,037
Intergovernmental payable	592,364	17,751	610,115
Unearned revenue	17,334,054	-	17,334,054
Accrued interest payable	195,552	-	195,552
Long-term liabilities:			
Due within one year	2,558,060	2,453	2,560,513
Due in more than one year	<u>15,537,764</u>	<u>12,830</u>	<u>15,550,594</u>
Total liabilities	<u>37,704,540</u>	<u>34,211</u>	<u>37,738,751</u>
Net assets:			
Invested in capital assets, net of related debt	1,837,934	1,277,136	3,115,070
Restricted for:			
Debt service	1,850,260	-	1,850,260
Capital projects	1,935,798	-	1,935,798
Other purposes	25,576	-	25,576
Unrestricted (deficit)	<u>(2,228,120)</u>	<u>17,534</u>	<u>(2,210,586)</u>
Total net assets	<u>\$ 3,421,448</u>	<u>\$ 1,294,670</u>	<u>\$ 4,716,118</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Activities

For The Fiscal Year Ended June 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Instruction:			
Regular education	\$ 9,838,234	\$ 81,152	\$ 31,367
Special education	2,505,389	-	640,076
Vocational education	185,821	-	-
Other	391,716	5,035	-
Support services:			
Pupil	1,790,903	-	-
Instructional staff	870,190	-	56,364
Board of education	44,858	-	-
Administration	1,640,485	9,904	-
Fiscal	735,376	-	8,469
Business	190,818	-	-
Operations and maintenance of plant	1,757,726	-	425,558
Pupil transportation	1,782,371	9,412	-
Central	67,306	-	12,000
Operation and non-instructional services	472,983	-	-
Extracurricular activities	765,699	392,610	-
Facilities acquisition and construction services	977,742	-	-
Interest and fiscal charges	673,506	-	-
Total governmental activities	<u>24,691,123</u>	<u>498,113</u>	<u>1,173,834</u>
Business-type activities:			
Food service	672,620	419,854	60,776
Uniform supplies	189,780	210,483	-
Total business-type activities	<u>862,400</u>	<u>630,337</u>	<u>60,776</u>
Totals	\$ <u>25,553,523</u>	\$ <u>1,128,450</u>	\$ <u>1,234,610</u>

General revenues:
 Property taxes levies for:
 General purpose
 Debt service
 Capital projects
 Grant and entitlements not restricted to specific programs
 Earnings on investment
 Miscellaneous
 Total general revenues
 Transfers
 Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The Notes to the Basic Financial Statements are an Integral Part of this Statement

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
\$ (9,725,715)	\$ -	\$ (9,725,715)
(1,865,313)	-	(1,865,313)
(185,821)	-	(185,821)
(386,681)	-	(386,681)
(1,790,903)	-	(1,790,903)
(813,826)	-	(813,826)
(44,858)	-	(44,858)
(1,630,581)	-	(1,630,581)
(726,907)	-	(726,907)
(190,818)	-	(190,818)
(1,332,168)	-	(1,332,168)
(1,772,959)	-	(1,772,959)
(55,306)	-	(55,306)
(472,983)	-	(472,983)
(373,089)	-	(373,089)
(977,742)	-	(977,742)
<u>(673,506)</u>	<u>-</u>	<u>(673,506)</u>
<u>(23,019,176)</u>	<u>-</u>	<u>(23,019,176)</u>
-	(191,990)	(191,990)
-	<u>20,703</u>	<u>20,703</u>
-	<u>(171,287)</u>	<u>(171,287)</u>
<u>(23,019,176)</u>	<u>(171,287)</u>	<u>(23,190,463)</u>
12,786,535	-	12,786,535
1,783,847	-	1,783,847
294,544	-	294,544
6,652,326	-	6,652,326
293,555	-	293,555
<u>329,279</u>	<u>-</u>	<u>329,279</u>
<u>22,140,086</u>	<u>-</u>	<u>22,140,086</u>
<u>(180,000)</u>	<u>180,000</u>	<u>-</u>
<u>21,960,086</u>	<u>180,000</u>	<u>22,140,086</u>
(1,059,090)	8,713	(1,050,377)
<u>4,480,538</u>	<u>1,285,957</u>	<u>5,766,495</u>
\$ <u><u>3,421,448</u></u>	\$ <u><u>1,294,670</u></u>	\$ <u><u>4,716,118</u></u>

West Geauga Local School District

Balance Sheet - Governmental Funds

June 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 2,879,972	\$ 1,526,305	\$ 940,381	\$ 5,346,658
Taxes receivable	16,871,078	2,954,289	302,147	20,127,514
Accounts receivable	11,144	-	156	11,300
Intergovernmental receivable	-	-	80,816	80,816
Interfund receivable	158,198	-	-	158,198
Inventory	8,646	-	-	8,646
Restricted cash:				
Cash with escrow agent	-	-	1,375,000	1,375,000
Total assets	\$ <u>19,929,038</u>	\$ <u>4,480,594</u>	\$ <u>2,698,500</u>	\$ <u>27,108,132</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 63,352	\$ -	\$ 98,357	\$ 161,709
Accrued wages and benefits	1,310,741	-	14,296	1,325,037
Intergovernmental payable	583,420	-	8,944	592,364
Interfund payable	-	-	59,198	59,198
Unearned revenue	14,632,813	2,630,334	328,045	17,591,192
Special termination benefits payable	<u>62,500</u>	<u>-</u>	<u>-</u>	<u>62,500</u>
Total liabilities	<u>16,652,826</u>	<u>2,630,334</u>	<u>508,840</u>	<u>19,792,000</u>
Fund balances:				
Reserved for inventory	8,646	-	-	8,646
Reserved for encumbrances	351,346	-	1,816,488	2,167,834
Reserve for property taxes	2,238,265	323,955	-	2,562,220
Reserved for debt	-	1,526,305	-	1,526,305
Unreserved; undesignated (deficit) for:				
General fund	677,955	-	-	677,955
Special revenue funds	-	-	186,942	186,942
Capital projects funds	<u>-</u>	<u>-</u>	<u>186,230</u>	<u>186,230</u>
Total fund balances	<u>3,276,212</u>	<u>1,850,260</u>	<u>2,189,660</u>	<u>7,316,132</u>
Total liabilities and fund balances	\$ <u>19,929,038</u>	\$ <u>4,480,594</u>	\$ <u>2,698,500</u>	\$ <u>27,108,132</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

June 30, 2006

Total Governmental Funds Balances \$ 7,316,132

Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Funds. 14,077,054

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.
Property and other taxes 257,138

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due. (195,552)

Long-Term liabilities are not due and payable in the current period and are therefore not reported in the funds.

General obligation debt	\$ (13,890,000)	
Tax anticipation note	(2,350,000)	
Lease purchase agreement	(1,375,000)	
Special termination benefits	(25,000)	
Compensated absences	<u>(393,324)</u>	
Total		<u>(18,033,324)</u>

Net assets of governmental activities \$ 3,421,448

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For The Fiscal Year Ended June 30, 2006

	<u>General</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 12,762,759	\$ 1,783,847	\$ 294,544	\$ 14,841,150
Intergovernmental	6,269,394	235,216	1,244,731	7,749,341
Tuition and fees	104,667	-	5,035	109,702
Earnings on investments	282,398	-	11,157	293,555
Extracurricular activities	1,375	-	372,272	373,647
Miscellaneous revenue	30,694	-	112,802	143,496
Refund of prior year expenditures	<u>278,481</u>	<u>-</u>	<u>8,591</u>	<u>287,072</u>
Total revenues	<u>19,729,768</u>	<u>2,019,063</u>	<u>2,049,132</u>	<u>23,797,963</u>
Expenditures:				
Current:				
Instruction:				
Regular education	9,507,995	-	302,471	9,810,466
Special education	2,457,429	-	82,622	2,540,051
Vocational education	196,594	-	-	196,594
Other instruction	391,716	-	-	391,716
Support services:				
Pupil	1,337,574	-	479,801	1,817,375
Instructional staff	750,571	-	106,682	857,253
Board of education	34,315	-	-	34,315
Administration	1,652,971	-	58,455	1,711,426
Fiscal	714,221	22,306	8,342	744,869
Business	191,854	-	-	191,854
Operations and maintenance of plant	1,996,288	-	210,448	2,206,736
Pupil transportation	1,785,332	-	103,113	1,888,445
Central	56,040	-	-	56,040
Operation of non-instructional services:				
Community services	-	-	425,148	425,148
Extracurricular activities	477,256	-	271,065	748,321
Facilities acquisition and construction services	-	-	977,742	977,742
Debt services:				
Principal	-	1,520,000	-	1,520,000
Interest and fiscal charges	-	754,886	-	754,886
Refund of prior years receipts	<u>5,829</u>	<u>-</u>	<u>3,877</u>	<u>9,706</u>
Total expenditures	<u>21,555,985</u>	<u>2,297,192</u>	<u>3,029,766</u>	<u>26,882,943</u>
Total excess of revenues over (under) expenditures	<u>(1,826,217)</u>	<u>(278,129)</u>	<u>(980,634)</u>	<u>(3,084,980)</u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (continued)

For The Fiscal Year Ended June 30, 2006

	<u>General</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Issuance of lease purchase agreement	-	-	1,375,000	1,375,000
Transfers - in	-	-	591	591
Transfers - out	<u>(180,591)</u>	<u>-</u>	<u>-</u>	<u>(180,591)</u>
Total other financing sources (uses)	<u>(180,591)</u>	<u>-</u>	<u>1,375,591</u>	<u>1,195,000</u>
Net change in fund balance	(2,006,808)	(278,129)	394,957	(1,889,980)
Fund balance at beginning of year	<u>5,283,020</u>	<u>2,128,389</u>	<u>1,794,703</u>	<u>9,206,112</u>
Fund balance at end of year	\$ <u>3,276,212</u>	\$ <u>1,850,260</u>	\$ <u>2,189,660</u>	\$ <u>7,316,132</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For The Fiscal Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds \$ (1,889,980)

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 685,507	
Depreciation	<u>(853,694)</u>	
Total		(168,187)

In the Statement of Activities, only the loss on sale of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the sale increase financial resources. Thus, the change in Net Assets differs from the change in Fund Balance by the cost of the capital assets. (3,531)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property and other taxes	23,776
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Proceeds from debt issuances are an Other Financing Source in the funds, but a debt issue increases Long-Term Liabilities in the Statement of Net Assets. (1,375,000)

Repayment of Board and Loan Principal are expenditures in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Activities. 1,520,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

Compensated absences	689,952	
Special termination benefits payable	62,500	
Accrued interest on bonds	<u>81,380</u>	
Total		<u>833,832</u>

Change in Net Assets of Governmental Activities \$ (1,059,090)

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP) and Actual – General Fund

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 15,031,073	\$ 15,884,642	\$ 15,921,809	\$ 37,167
Intergovernmental	5,881,863	6,250,983	6,269,394	18,411
Tuition	97,376	103,767	104,103	336
Earnings on investments	264,149	281,486	282,398	912
Extracurricular activities	-	1,375	1,375	-
Miscellaneous	29,421	31,351	31,453	102
Refund of prior year expenditures	264,503	281,864	282,776	912
Total revenues	<u>21,568,385</u>	<u>22,835,468</u>	<u>22,893,308</u>	<u>57,840</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,772,610	9,812,072	9,552,143	259,929
Special	2,722,588	2,663,475	2,608,230	55,245
Vocational education	226,754	221,659	212,739	8,920
Other	440,007	430,462	432,367	(1,905)
Support services:				
Pupil	1,508,044	1,474,878	1,396,739	78,139
Instructional staff	811,071	793,167	748,374	44,793
Board of education	35,551	34,757	33,905	852
Administration	1,826,676	1,785,921	1,681,152	104,769
Fiscal services	651,266	640,007	598,817	41,190
Business	215,478	210,929	202,216	8,713
Operation and maintenance - plant	2,195,618	2,147,949	2,057,725	90,224
Pupil transportation	1,946,880	1,903,293	1,828,143	75,150
Central services	61,339	59,961	56,601	3,360
Extracurricular activities	532,537	520,571	491,401	29,170
Refund of prior year receipts	6,317	6,175	5,829	346
Total expenditures	<u>22,952,736</u>	<u>22,705,276</u>	<u>21,906,381</u>	<u>798,895</u>
Excess of revenues over (under) expenditures	<u>(1,384,351)</u>	<u>130,192</u>	<u>986,927</u>	<u>856,735</u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP) and Actual – General Fund (continued)

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Advances - in	26,460	28,197	28,288	91
Transfers - out	(195,708)	(191,311)	(180,591)	10,720
Advances - out	<u>(76,799)</u>	<u>(75,074)</u>	<u>(70,867)</u>	<u>4,207</u>
Total other financing sources (uses)	<u>(246,047)</u>	<u>(238,188)</u>	<u>(223,170)</u>	<u>15,018</u>
Net change in fund balance	(1,630,398)	(107,996)	763,757	871,753
Fund balance beginning of year	1,504,333	1,504,333	1,504,333	-
Prior year encumbrances appropriated	<u>213,536</u>	<u>213,536</u>	<u>213,536</u>	<u>-</u>
Fund balance end of year	\$ <u>87,471</u>	\$ <u>1,609,873</u>	\$ <u>2,481,626</u>	\$ <u>871,753</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Fund Net Assets – Proprietary Funds

June 30, 2006

	<u>Business-Type Activities</u>			
	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Assets				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 10,877	\$ 119,547	\$ 12	\$ 130,436
Accounts receivable	127	984	-	1,111
Intergovernmental receivable	6,940	-	-	6,940
Inventory held for resale	<u>12,258</u>	<u>-</u>	<u>-</u>	<u>12,258</u>
Total current assets	30,202	120,531	12	150,745
Noncurrent assets:				
Depreciable capital assets, net	<u>1,277,136</u>	<u>-</u>	<u>-</u>	<u>1,277,136</u>
Total assets	<u>1,307,338</u>	<u>120,531</u>	<u>12</u>	<u>1,427,881</u>
Liabilities:				
Current liabilities:				
Accounts payable	60	1,117	-	1,177
Intergovernmental payable	17,751	-	-	17,751
Interfund payable	25,000	74,000	-	99,000
Compensated absences - current	<u>2,453</u>	<u>-</u>	<u>-</u>	<u>2,453</u>
Total current liabilities	<u>45,264</u>	<u>75,117</u>	<u>-</u>	<u>120,381</u>
Noncurrent liabilities:				
Compensated absences	<u>12,830</u>	<u>-</u>	<u>-</u>	<u>12,830</u>
Total liabilities	<u>58,094</u>	<u>75,117</u>	<u>-</u>	<u>133,211</u>
Net assets:				
Net assets, invested in capital assets	1,277,136	-	-	1,277,136
Unrestricted (deficit)	<u>(27,892)</u>	<u>45,414</u>	<u>12</u>	<u>17,534</u>
Total net assets	<u>\$ 1,249,244</u>	<u>\$ 45,414</u>	<u>\$ 12</u>	<u>\$ 1,294,670</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For The Fiscal Year Ended June 30, 2006

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues:				
Food service	\$ 419,854	\$ -	\$ -	\$ 419,854
Classroom materials and fees	<u>-</u>	<u>210,483</u>	<u>-</u>	<u>210,483</u>
Total operating revenues	<u>419,854</u>	<u>210,483</u>	<u>-</u>	<u>630,337</u>
Operating expenses:				
Salaries and wages	223,778	640	-	224,418
Fringe benefits	86,205	109	-	86,314
Contractual services	324,575	320	-	324,895
Supplies and materials	12,157	188,711	-	200,868
Other operating expenses	896	-	-	896
Depreciation expense	<u>25,009</u>	<u>-</u>	<u>-</u>	<u>25,009</u>
Total operating expenses	<u>672,620</u>	<u>189,780</u>	<u>-</u>	<u>862,400</u>
Operating income (loss)	<u>(252,766)</u>	<u>20,703</u>	<u>-</u>	<u>(232,063)</u>
Non-operating revenues (expenses):				
Intergovernmental revenue	48,021	-	-	48,021
Federal donated commodities	<u>12,755</u>	<u>-</u>	<u>-</u>	<u>12,755</u>
Total non-operating revenues	<u>60,776</u>	<u>-</u>	<u>-</u>	<u>60,776</u>
Income (loss) before transfers	(191,990)	20,703	-	(171,287)
Transfers-in	<u>175,000</u>	<u>5,000</u>	<u>-</u>	<u>180,000</u>
Change in net assets	(16,990)	25,703	-	8,713
Net assets, beginning of year	<u>1,266,234</u>	<u>19,711</u>	<u>12</u>	<u>1,285,957</u>
Net assets, end of year	\$ <u><u>1,249,244</u></u>	\$ <u><u>45,414</u></u>	\$ <u><u>12</u></u>	\$ <u><u>1,294,670</u></u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Cash Flows Proprietary Funds

For The Fiscal Year Ended June 30, 2006

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Adult Education</u>	<u>Total</u>
Increase (decrease) in cash and cash equivalents:				
Cash flows from operating activities:				
Cash received from customers	\$ 420,205	\$ 210,643	\$ -	\$ 630,848
Cash payments to suppliers for goods and services	(325,277)	(188,331)	-	(513,608)
Cash payments to employees for services	(323,758)	(749)	-	(324,507)
Cash payments for other operating expenses	<u>(896)</u>	<u>-</u>	<u>-</u>	<u>(896)</u>
Net cash provided by (used for) operating activities	<u>(229,726)</u>	<u>21,563</u>	<u>-</u>	<u>(208,163)</u>
Cash flows from noncapital financing activities:				
Operating grants received	42,193	-	-	42,193
Cash received for refund of prior year expenditures	19,029	-	-	19,029
Transfers - in	<u>175,000</u>	<u>5,000</u>	<u>-</u>	<u>180,000</u>
Net cash provided by noncapital financing	<u>236,222</u>	<u>5,000</u>	<u>-</u>	<u>241,222</u>
Net increase in cash and cash equivalents	6,496	26,563	-	33,059
Cash and cash equivalents at beginning of year	<u>4,381</u>	<u>92,984</u>	<u>12</u>	<u>97,377</u>
Cash and cash equivalents at end of year	\$ <u><u>10,877</u></u>	\$ <u><u>119,547</u></u>	\$ <u><u>12</u></u>	\$ <u><u>130,436</u></u>
Non-cash noncapital financing activities:				
Federal donated commodities	\$ <u><u>12,755</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>12,755</u></u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Cash Flows Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2006

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Adult Education</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (252,766)	\$ 20,703	\$ -	\$ (232,063)
Adjustments:				
Depreciation	25,009	-	-	25,009
Federal donated commodities	12,755	-	-	12,755
Changes in assets/liabilities:				
Decrease in accounts receivable	351	160	-	511
Increase in inventory	(1,360)	-	-	(1,360)
Increase in accounts payable	60	700	-	760
Decrease in compensated absences payable	(1,367)	-	-	(1,367)
Decrease in intergovernmental payable	<u>(12,408)</u>	<u>-</u>	<u>-</u>	<u>(12,408)</u>
Total adjustments	<u>23,040</u>	<u>860</u>	<u>-</u>	<u>23,900</u>
Net cash provided by (used for) operating activities	\$ <u>(229,726)</u>	\$ <u>21,563</u>	\$ <u>-</u>	\$ <u>(208,163)</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

West Geauga Local School District

Statement of Fiduciary Net Assets - Fiduciary Funds

June 30, 2006

	<u>Agency Fund</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ <u>46,775</u>
Liabilities:	
Accounts payable	\$ 467
Due to students	<u>46,308</u>
Total liabilities	\$ <u>46,775</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

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West Geauga Local School District

Notes to Basic Financial Statements

June 30, 2006

Note 1: Description of The School District

The West Geauga Local School District (the “School District”) operates under a locally elected five-member Board form of government and provides educational services as authorized by State or federal agencies. The Board controls the School District’s four instructional facilities, staffed by 104 classified personnel, 161 certified teaching personnel and 18 administrative employees to provide services to students and other community members.

The School District is located in Geauga County, including all of Chesterland and Russell Townships and portions of Munson, South Russell, and Hunting Valley, Ohio. The enrollment for the School District during the 2006 fiscal year was 2,485. The School District operates two elementary schools (K-5), one middle school (6-8), and one high school (9-12).

Note 2: Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business – type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District’s accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”. When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government). The School District is not involved in the budgeting or the management of Parent-Teacher Organizations or booster clubs. The School District is also not responsible for any debt and has no influence over these organizations or clubs. The following organizations are described due to their relationship to the District.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Jointly Governed Organizations

Lake Geauga Computer Association – The Lake Geauga Computer Association (the “LGCA”) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA’s continued existence is not dependent on West Geauga Local School District’s continued participation. In fiscal year 2006, the School District paid \$132,097 to the Association. To obtain financial information, write to Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

East Shore Regional Transportation System – The East Shore Regional Transportation System (“ESRTA”) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. To obtain financial information, write to Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

East Shore Center – The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the government board. East Shore Center is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, East Shore SERRC, 7900 Euclid-Chardon Road, Kirtland, OH 44094

Ohio Schools Council – The Ohio Schools Council Association (Council) is a jointly governed organization among school districts. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council’s Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2006, the School District paid \$479,057 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight-year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self appointing board, issued \$119,140,000 in debt to prepurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the School District is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2001. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

West Geauga Joint Recreation Council – The West Geauga Joint Recreation Council (the "Council") is a jointly governed organization. The School District appoints one member of the six-member board. The purpose of the Council is to further athletic and recreational opportunities. The School District has not contributed to the Council in fiscal year 2006. The School District's degree of control is limited to its representation on the board. The Council's continued existence is not dependent on the School District's continued participation. To obtain financial information, write to West Geauga Joint Recreational Board, P.O. Box 384, Chesterland, Ohio 44026.

Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal years. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the following categories governmental, proprietary and fiduciary.

Governmental Funds Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund The debt service fund is used to account for the accumulation of resources, and the payment of, school improvement general obligation bond, or principal, interest, and related costs.

The other governmental funds of the School District account for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds and grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

Enterprise Funds The enterprise funds are used to account for any activity for which a fee is charged to external users for goods and services. The School District's major enterprise funds are:

Food Service Fund This fund accounts for the financial transactions related to the food service operations of the School District.

Uniform School Supplies Fund This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

Adult and Community Education Fund This fund accounts for educational opportunities offered on a tuition basis to preschoolers, youths and adults living within the community.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The District has no internal service funds.

Fiduciary Funds Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund accounts for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

C. Basis of Presentation and Measurement Focus

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues 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. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation and Measurement Focus (continued)

Fund Financial Statements. Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, student fees and rentals.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes and delinquent property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2006 is as follows:

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgets (continued)

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Geauga County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2006.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2006.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgets (continued)

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2006, investments were limited to STAROhio (the State Treasury Asset Reserve of Ohio).

STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$282,398, which includes \$154,548 assigned from other School District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

H. Inventory

On the government-wide financial statements inventories are presented at lower of cost or market on a first-in, first-out basis when used.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

H. Inventory (continued)

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, school supplies held for resale and expensed when used.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets utilized by the food service enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	7 - 20 years	N/A
Buildings and Buildings Improvements	10 - 100 years	10-100 years
Furniture and Equipment	5 - 20 years	5-20 years
Vehicles	5 - 15 years	N/A

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

K. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits in the School District's termination policy. The School District reports a liability for accumulated unused sick leave for classified, certified and administrative employees who will be eligible to retire at the end of the fiscal year.

The entire compensated absence liability is reported on the government-wide financial statements.

Compensated absences are reported in the governmental funds only if they have matured. Thus, the only part of the compensated absence liability that would be reported in a governmental fund would be the amount of reimbursable unused leave payable to employees who had terminated their employment as of the end of the fiscal year. In the food service enterprise fund, the entire amount of compensated absences is recorded as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, contractually required pension contribution and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials and property taxes.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

M. Fund Balance Reserves (continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, classroom materials and fees for uniform school supplies, extracurricular activities and miscellaneous for adult education and miscellaneous for self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenditures not meeting this definition are reported as non-operating.

P. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the food service enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2006.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 3: Change in Accounting Principle

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section," GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation," and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

GASB Statement No. 44 improves the understandability and usefulness of the information that the State and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 clarifies when net assets should be restricted based on enabling legislation.

GASB Statement No. 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations.

Implementation of GASB Statement No. 42, No. 46, and No. 47 did not affect the presentation of the financial statements of the School District.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 4: Accountability and Compliance

A. Accountability

Fund Deficits - The following funds had deficit fund balances/net assets at June 30, 2006:

Special Revenue Fund:

Ohio Reads	\$ 40
Disability Access Grant	7,040

The deficit fund balance in the Ohio Reads and Disability Access Grant special revenue funds were a result of the application of GAAP, namely accounts payable and encumbrances at June 30, 2006. These deficits will be eliminated with future revenues.

B. Compliance

The following funds had final appropriations plus encumbrances in excess of estimated resources plus carryover balances contrary to Section 5705.39, Ohio Revised Code:

	<u>Final</u>
Ohio Reads Special Revenue Fund	\$ 946
Student Intervention Special Revenue Fund	511
Disability Access Grant Special Revenue Fund	2,828
Title VI-B Special Revenue Fund	110,190
Title V Special Revenue Fund	2,310
Drug Free Schools Grant Special Revenue Fund	3,457
Classroom Reduction Special Revenue Fund	5,150

The following funds had expenditures plus encumbrances in excess of final appropriations contrary to Section 5705.41 (B), Ohio Revised Code.

Disability Access Grant Special Revenue Fund	\$ 4,393
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West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 5: Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP basis).

The following tables summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance Major Governmental Fund	
	<u>General</u>
GAAP Basis	\$ (2,006,808)
<u>Increase (Decrease) Due to</u>	
Revenue accruals	3,163,540
Advance in	28,288
Expenditure accruals	47,950
Advance out	(70,867)
Encumbrances	<u>(398,346)</u>
Budget Basis	\$ <u><u>763,757</u></u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 6: Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Investment grade obligations of state and local governments, and public authorities;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio);

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 6: Deposits and Investments (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of District funds shall be required to pledge as security for repayment of all public moneys.

At fiscal year-end, the carrying amount of the District's deposits was \$4,609,672 and the bank balance was \$4,772,727. The \$200,000 of the bank balance was covered by Federal depository insurance, while \$4,572,727 remained uninsured. The District also has \$1,375,000 in cash with an escrow agent.

Investments

Investments are reported at fair value. As of June 30, 2006, the District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$ <u>914,197</u>	July 2006

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The District investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover that value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the District must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed by the District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. All investments of the District are registered and carry a rating AAA by Standard & Poor's.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 6: Deposits and Investments (continued)

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in securities of a single issuer. As of June 30, 2006, the District's investments were limited to STAROhio.

Note 7: Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2006 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) are for calendar 2006 taxes.

2006 real property taxes are levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after April 1, 2006, and are collected in 2006 with real property taxes.

2006 tangible personal property taxes are levied after April 1, 2005, on the value listed as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are twenty-five percent of true value, and twenty-three percent of true value for inventory.

The assessed values upon which fiscal year 2006 taxes were collected are:

	2005 Second-Half Collections		2006 Second-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 573,741,140	96.07%	\$ 639,887,180	96.79%
Public Utility Personal	17,117,120	2.87%	16,065,980	2.43%
Tangible Personal Property	<u>6,360,100</u>	<u>1.06%</u>	<u>5,184,120</u>	<u>0.78%</u>
	\$ <u>597,218,360</u>	<u>100.00%</u>	\$ <u>661,137,280</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	\$ 53.25		\$ 55.70	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 7: Property Taxes (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including West Geauga Local School District. The County Auditor periodically advances to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, they are not intended to finance current fiscal year operations. The receivable is therefore offset by a credit to unearned revenue for that portion not intended to finance current year operations.

The amount available to the School District as an advance at June 30, 2006, was \$2,562,220. \$2,238,265 was available to the general fund and \$323,955 was available to the bond retirement fund.

Note 8: Receivables

Receivables at June 30, 2006, consisted of taxes and accounts (rent, student fees and intergovernmental receivables). All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes the stable condition of the state programs and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:

Taxes – Current and Delinquent	\$ 20,127,514
Accounts	11,300
Intergovernmental	80,816

Business-Type Activities:

Accounts	1,111
Intergovernmental	6,940
Total Receivables	\$ <u>20,227,681</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 9: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance <u>6/30/05</u>	Additions	Disposals	Balance <u>6/30/06</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 366,380	\$ -	\$ -	\$ 366,380
Construction in progress	<u>288,575</u>	<u>40,545</u>	<u>-</u>	<u>329,120</u>
Total capital assets, not being depreciated	<u>654,955</u>	<u>40,545</u>	<u>-</u>	<u>695,500</u>
Capital assets, being depreciated:				
Land improvements	2,618,156	2,100	-	2,620,256
Building and building improvements	15,443,507	338,978	-	15,782,485
Furniture and equipment	4,393,275	92,775	(50,555)	4,435,495
Vehicles	<u>2,079,146</u>	<u>211,109</u>	<u>-</u>	<u>2,290,255</u>
Total capital assets, being depreciated	<u>24,534,084</u>	<u>644,962</u>	<u>(50,555)</u>	<u>25,128,491</u>
Less accumulated depreciation:				
Land improvements	(1,462,223)	(102,130)	-	(1,564,353)
Building and building improvements	(5,223,557)	(239,006)	-	(5,462,563)
Furniture and equipment	(3,072,547)	(367,449)	47,024	(3,392,972)
Vehicles	<u>(1,181,940)</u>	<u>(145,109)</u>	<u>-</u>	<u>(1,327,049)</u>
Total accumulated depreciation	<u>(10,940,267)</u>	<u>(853,694)</u>	<u>47,024</u>	<u>(11,746,937)</u>
Total capital assets, being depreciated, net	<u>13,593,817</u>	<u>(208,732)</u>	<u>(3,531)</u>	<u>13,381,554</u>
Governmental activities capital assets, net	\$ <u>14,248,772</u>	\$ <u>168,187</u>	\$ <u>(3,531)</u>	\$ <u>14,077,054</u>
	Balance <u>6/30/05</u>	Additions	Disposals	Balance <u>6/30/06</u>
Business-type activities:				
Building and building improvements	\$ 1,694,925	\$ -	\$ -	\$ 1,694,925
Equipment	<u>271,036</u>	<u>-</u>	<u>-</u>	<u>271,036</u>
Total capital assets	<u>1,965,961</u>	<u>-</u>	<u>-</u>	<u>1,965,961</u>
Less accumulated depreciation:				
Building and building improvements	(399,360)	(23,243)	-	(422,603)
Equipment	<u>(264,456)</u>	<u>(1,766)</u>	<u>-</u>	<u>(266,222)</u>
Total accumulated depreciation	<u>(663,816)</u>	<u>(25,009)</u>	<u>-</u>	<u>(688,825)</u>
Business-type activities capital assets, net	\$ <u>1,302,145</u>	\$ <u>(25,009)</u>	\$ <u>-</u>	\$ <u>1,277,136</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 9: Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	462,852
Special		15,664
Support Services:		
Pupils		3,585
Instructional Staff		73,089
Board of Education		10,543
Administration		21,160
Fiscal Services		1,442
Business		534
Operation and Maintenance – Plant		7,839
Pupil Transportation		151,517
Central Services		13,088
Community Services		66,498
Extracurricular Activities		<u>25,883</u>
Total Depreciation Expense	\$	<u><u>853,694</u></u>

Note 10: Interfund Assets/Liabilities

A. Interfund receivable/payable consisted of the following at June 30, 2006 as reported on the fund statement:

<u>Receivable Fund</u>	<u>Amount</u>
General Fund	\$ <u><u>158,198</u></u>
<u>Payable Funds</u>	
Other Governmental Funds	59,198
Food Service Fund	25,000
Uniform Supplies Fund	<u>74,000</u>
	\$ <u><u>158,198</u></u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2006. These interfund balances will be repaid once the anticipated revenues are received.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 10: Interfund Assets/Liabilities (continued)

B. Transactions

Following is a summary of operating transfers for all funds for June 30, 2006:

	Transfer In:			Total
	Food Service Fund	Uniform Supply Fund	Other Governmental Funds	
Transfer Out:				
General Fund	\$ <u>175,000</u>	\$ <u>5,000</u>	\$ <u>591</u>	\$ <u>180,591</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11: Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Professional liability insurance is carried with Hylant Administration and has limits of \$1,000,000 for each occurrence and \$3,000,000 general aggregate, including employee benefit liability limits, qualified school groups, and employers' liability.

Property and fleet insurance is carried with Indiana Insurance Company through Lake Shore Insurance Agency. Property insurance includes boiler and machinery coverage as well as commercial inland marine coverage with a blanket limit of \$36,911,000 with a \$2,500 deductible. Fleet insurance has a limit of \$1,000,000 with a \$100 deductible for comprehensive and \$250 for collision coverage.

Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 11: Risk Management (continued)

B. Medical

The School District has elected to contract with Anthem to provide medical benefits for employees through a fully insured program. The maintenance of these benefits is accounted for in the general fund.

C. Workers' Compensation

For fiscal year 2006, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sheakley UniService provides administrative, cost control and actuarial services to the GRP.

Note 12: Defined Benefit Pension Plans

A. School Employees Retirement System

The School District 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 toll free (800)878-5853. It is also posted on SERS website, www.ohsers.org, under Forms and Publications.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 12: Defined Benefit Pension Plans (continued)

A. School Employees Retirement System (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 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 a statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$463,187, \$467,934, and \$434,901, respectively; 46.6 percent has been contributed for fiscal year 2006 and 100 percent has been contributed for fiscal year 2005 and 2004.

B. State Teachers Retirement System

The School District 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 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 Ohio 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% 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.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 12: Defined Benefit Pension Plans (continued)

B. State Teachers Retirement System (continued)

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District 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 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 employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,441,340, \$1,472,235, and \$1,321,376, respectively; 84.3 percent has been contributed for fiscal year 2006, and 100 percent has been contributed for fiscal year 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$10,722 made by the School District and \$31,873 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2006, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board members contribute to SERS.

Note 13: Post-Employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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 on a pay-as-you-go basis.

All 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 the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$102,953 for fiscal year 2006.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 13: Post-Employment Benefits (continued)

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 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 fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2% of each employer's SERS salaries. For the 2006 fiscal year, the School District paid \$244,459 to fund health care benefits, including the surcharge.

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 fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently receiving health care benefits.

Note 14: Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and most administrators do not earn vacation time. All certified and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to classified employees for one-fourth of their accumulated sick leave with a maximum accumulation of 250 days. Classified employees are paid within 120 days of the retirement date. Upon retirement, payment is made to certified employees for one-fourth of their accumulated sick leave with a maximum accumulation of 247 days. Certified employees are paid over a three year period with the first payment deferred until August of the year following their effective retirement date. Upon retirement, payment is made to administrators for a scheduled percentage based upon their years of West Geauga service.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 14: Employee Benefits (continued)

B. Early Retirement Incentive

The West Geauga Local School District Board of Education approved an Early Retirement Incentive program in fiscal year 1998 for certified employees. The Retirement Incentive is based upon first-time retirement eligibility under STRS and notification of retirement in writing by March 15. The retirement incentive is paid in two installments in August of each year following the effective retirement date. Classified employees also receive a retirement incentive that is paid in January of the year following the date of retirement as long as the employees meet the criteria for retirement and notifies the Board on or before June 30. The payments are made from the General Fund.

Note 15: Long-Term Obligations

The original issue date, interest rates, and original issuance amount for each of the City's bonds follows:

<u>Debt Issue</u>	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
General Obligation Bonds			
Public Library Bonds Road School Improvement	1986	7.625%	\$ 630,000
Refunding Bonds	2001	4.90% - 8.25%	4,360,000
School Improvement Refunding Bonds	2004	3.50% - 3.95%	8,425,000
Various Purpose Improvement Bonds	2005	3.00% - 5.25%	2,275,000
Lease Purchase Agreements			
Bleachers Lease Purchase Agreement	2006	4.739%	440,000
Roof Lease Purchase Agreeemnt	2006	4.739%	935,000

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 15: Long-Term Obligations (continued)

The changes in long-term obligations of the School District during fiscal year 2006 were as follows:

	Balance 6/30/05	Additions	Deletions	Balance 6/30/06	Amounts Due Within One Year
Governmental Activities:					
<u>General Obligation Bonds</u>					
Public Library Bonds	\$ 350,000	\$ -	\$ 70,000	\$ 280,000	\$ 70,000
School Improvement Bonds					
Refunding Bonds	4,360,000	-	-	4,360,000	-
School Improvement Bonds					
Refunding Bonds	8,425,000	-	1,300,000	7,125,000	1,470,000
Various Purpose Improvement Bonds	<u>2,275,000</u>	<u>-</u>	<u>150,000</u>	<u>2,125,000</u>	<u>135,000</u>
 Total general obligation bonds	 <u>15,410,000</u>	 <u>-</u>	 <u>1,520,000</u>	 <u>13,890,000</u>	 <u>1,675,000</u>
<u>Other Long-Term Obligations</u>					
Tax Anticipation Note	2,350,000	-	-	2,350,000	587,500
Lease purchase agreement – bleachers	-	440,000	-	440,000	54,378
Lease purchase agreement – roof	-	935,000	-	935,000	115,553
Compensated absences	1,083,276	-	689,952	393,324	63,129
Special Termination Benefits	<u>150,000</u>	<u>-</u>	<u>62,500</u>	<u>87,500</u>	<u>62,500</u>
Total other long-term obligation	<u>3,583,276</u>	<u>1,375,000</u>	<u>752,452</u>	<u>4,205,824</u>	<u>883,060</u>
Total governmental activities	\$ <u>18,993,276</u>	\$ <u>1,375,000</u>	\$ <u>2,272,452</u>	\$ <u>18,095,824</u>	\$ <u>2,558,060</u>
Business-Type Activities:					
Compensated absences	\$ <u>16,650</u>	\$ <u>-</u>	\$ <u>1,367</u>	\$ <u>15,283</u>	\$ <u>2,453</u>

The bonds and loan will be paid from the debt service fund. Compensated absences and special termination benefits will be paid from the fund from which the person is paid. The decrease in compensated absences is due to a change in accounting estimate based on SERS eligibility requirements.

In 2001, the School District defeased a portion of a General Obligation Bond issue by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 1994 school improvement bonds. For financial reporting purposes, these bonds are considered to be defeased and the liability for the refunded portion of these bonds has been removed from the general long-term obligations account group. As of June 30, 2006, the amount of defeased debt outstanding amounted to \$1,230,000.

During fiscal year 2005, the School District refunded School Improvement Bonds which were originally issued in 1994 at rates of 3.80% - 8.10% and were due in 2012. The Refunding Bonds were issued in October 2004 in the amount of \$8,425,000 at rates of 3.50%-3.95% and are due in 2012.

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 15: Long-Term Obligations (continued)

In 2005, the School District issued \$2,275,000 of Various Purpose Improvement Bonds. A portion of the Bond proceeds paid off the Various Purpose Improvement Notes issued during 2004. The monies will be used as part of the House Bill 264 Energy Conservation Project at the District.

The \$2,350,000 Tax Anticipation Note was issued during June 2005 and will mature in December 2009 with an interest rate of 4.00%.

In 2006, the School District entered into two lease purchase agreements for \$1,375,000. The monies will be used for construction on the roof and bleachers.

The School District's overall legal debt margin was \$46,718,241 with an unvoted debt margin of \$652,866 at June 30, 2006. Principal and interest requirements to retire the bonds outstanding and the tax anticipation note at June 30, 2006, are as follows:

	Principal			Interest			Total
	General Obligation Bonds	Tax Anticipation Note	Lease Purchase Agreements	General Obligation Bonds	Tax Anticipation Note	Lease Purchase Agreements	
2007	\$ 1,675,000	\$ 587,500	\$ 169,931	\$ 584,840	\$ 82,250	\$ 63,178	\$ 3,162,699
2008	1,735,000	587,500	178,079	519,737	58,750	55,027	3,134,093
2009	1,780,000	587,500	186,621	450,658	35,250	46,488	3,086,517
2010	1,905,000	587,500	195,570	372,463	11,750	37,539	3,109,822
2011	1,920,000	-	204,948	288,848	-	28,160	2,441,956
2012-2016	4,285,000	-	439,851	355,185	-	26,364	5,106,400
2017-2020	590,000	-	-	88,613	-	-	678,613
Total	\$ <u>13,890,000</u>	\$ <u>2,350,000</u>	\$ <u>1,375,000</u>	\$ <u>2,660,344</u>	\$ <u>188,000</u>	\$ <u>256,756</u>	\$ <u>20,720,100</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 16: Contingencies

A. Grants

The School District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the school district at June 30, 2006.

B. Litigation

The School District is party to legal proceedings. The School District management is of the opinion that ultimate disposition of these legal proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 17: Set Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set-aside money for budget stabilization.

The following cash basis information describes the change in the fiscal year end set-aside amounts for textbooks, capital acquisitions, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Capital Improvements Reserve</u>	<u>Textbook/ Instructional Materials Reserve</u>
Set-aside Reserve Balance as of June 30, 2005	\$ -	\$ (66,100)
Current Year Set-aside Requirement	368,155	368,155
Qualifying Disbursements	<u>(798,919)</u>	<u>(363,278)</u>
Totals	\$ <u>(430,764)</u>	\$ <u>(61,223)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	\$ <u>-</u>	\$ <u>(61,223)</u>
Set-aside Reserve Balance as of June 30, 2006	\$ <u>-</u>	\$ <u>-</u>

West Geauga Local School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 17: Set Aside Calculations (continued)

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirements of future years. This negative balance is therefore not presented as being carried forward to future years. No reserve balance for the two set-asides is necessary at the end of the fiscal year.

Note 18: State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

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West Geauga Local School District

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

West Geauga Local School District

Combining Statements - Nonmajor Funds

Nonmajor Special Revenue Funds

Special Trusts Fund This fund accounts for monies from local donations for the purpose of scholarships for students.

Rotary Fund This fund accounts for monies from local sources which provides for field trips for the students.

Public School Support Fund This fund accounts for school site sales revenue and expenditures for field trips, assemblies, and other activity costs.

Other Grants Fund This fund accounts for monies received to promote community involvement and to support activities between the school and community.

Education Foundation Fund This fund accounts for local monies received for specific grant requests made by staff members to the Educational Foundation.

District Managed Activities Fund This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's athletic program and transportation of the band to and from athletic events.

Auxiliary Services Fund This fund accounts for State monies used to provide services and materials for pupils attending non-public schools within the School District.

Management Information Systems Fund This fund accounts for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

Entry Year Programs To implement entry-year programs pursuant to Section 3317.024(T) of the Revised Code.

Data Communication Fund This fund accounts for State monies appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund This fund accounts for State monies to assist staff in gaining knowledge of technology.

Ohio Reads Fund This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Student Intervention Fund This fund accounts for student intervention services.

Disability Access Grant Fund This fund accounts for State monies to make school buildings more accessible to students with disabilities.

Miscellaneous State Grants Fund This fund accounts for other State Grants which are not required to be accounted for in a separate fund.

West Geauga Local School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds (continued)

Title VI-B Fund This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title III Limited English Proficiency Funds to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency. These programs provide structured English language instruction, with respect to the years of study to which the program is applicable, and instruction in the child's native language to the extent necessary to allow a child to achieve competence in English. The instruction must incorporate the cultural heritage of these children and of other children in American society. The instruction must be, to the extent necessary, in all courses or subjects of study which will allow a child to meet grade promotion and graduation standards.

Title V Fund This fund accounts for Federal monies used to support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Drug Free Schools Fund This fund accounts for Federal monies used to support the implementation of programs for drug abuse education and prevention.

Classroom Reduction Fund This fund accounts for Federal monies to hire additional classroom teachers in grades 1-3, so that the number of students per teacher will be reduced.

Nonmajor Capital Projects Funds

Permanent Improvement Fund This fund accounts for property taxes levied to be used for various capital improvements within the School District.

SchoolNet Plus Fund This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

West Geauga Local School District

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2006

	Nonmajor Special Revenue	Nonmajor Capital Project	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 376,713	\$ 563,668	\$ 940,381
Taxes receivable	-	302,147	302,147
Accounts receivable	156	-	156
Intergovernmental receivable	80,816	-	80,816
Restricted cash:			
Cash with escrow agent	-	1,375,000	1,375,000
Total assets	<u>\$ 457,685</u>	<u>\$ 2,240,815</u>	<u>\$ 2,698,500</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 95,487	\$ 2,870	\$ 98,357
Accrued wages and benefits	14,296	-	14,296
Intergovernmental payable	8,944	-	8,944
Interfund payable	59,198	-	59,198
Unearned revenue	25,898	302,147	328,045
Total liabilities	<u>203,823</u>	<u>305,017</u>	<u>508,840</u>
Fund balance:			
Reserve for encumbrances	66,920	1,749,568	1,816,488
Unreserved; undesignated	186,942	186,230	373,172
Total fund balance	<u>253,862</u>	<u>1,935,798</u>	<u>2,189,660</u>
Total liabilities and fund balances	<u>\$ 457,685</u>	<u>\$ 2,240,815</u>	<u>\$ 2,698,500</u>

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For The Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue	Nonmajor Capital Project	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ -	\$ 294,544	\$ 294,544
Intergovernmental	1,173,834	70,897	1,244,731
Tuition and fees	5,035	-	5,035
Earnings on investments	11,157	-	11,157
Extracurricular activities	372,272	-	372,272
Miscellaneous revenue	112,802	-	112,802
Refund of prior year expenditures	8,591	-	8,591
Total revenues	<u>1,683,691</u>	<u>365,441</u>	<u>2,049,132</u>
Expenditures:			
Current:			
Instruction:			
Regular	219,119	83,352	302,471
Special	82,622	-	82,622
Support services:			
Pupil	479,801	-	479,801
Instructional staff	76,762	29,920	106,682
Administration	58,455	-	58,455
Fiscal	-	8,342	8,342
Operations and maintenance of plant	-	210,448	210,448
Pupil transportation	-	103,113	103,113
Operation of non-instructional services:			
Community services	425,148	-	425,148
Extracurricular activities	271,065	-	271,065
Facilities acquisition and construction services	-	977,742	977,742
Refund of prior years receipts	3,877	-	3,877
Total expenditures	<u>1,616,849</u>	<u>1,412,917</u>	<u>3,029,766</u>
Excess of revenues over (under) expenditures	<u>66,842</u>	<u>(1,047,476)</u>	<u>(980,634)</u>
Other financing sources (uses):			
Issuance of lease purchase agreement	-	1,375,000	1,375,000
Transfers - in	591	-	591
Total other financing sources (uses)	<u>591</u>	<u>1,375,000</u>	<u>1,375,591</u>
Net change in fund balance	67,433	327,524	394,957
Fund balance, beginning of year	<u>186,429</u>	<u>1,608,274</u>	<u>1,794,703</u>
Fund balance, end of year	<u>\$ 253,862</u>	<u>\$ 1,935,798</u>	<u>\$ 2,189,660</u>

West Geauga Local School District

Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2006

	<u>Special Trusts</u>	<u>Rotary</u>	<u>Public School Support</u>	<u>Other Grants</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 51,328	\$ 26,479	\$ 12,622	\$ 25,959
Accounts receivable	-	96	-	-
Intergovernmental receivable	-	-	-	-
Total assets	<u>\$ 51,328</u>	<u>\$ 26,575</u>	<u>\$ 12,622</u>	<u>\$ 25,959</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 225	\$ -	\$ 710	\$ 5,619
Accrued wages and benefits	-	-	-	-
Intergovernmental payable	-	22	4	-
Interfund payable	-	5,120	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>225</u>	<u>5,142</u>	<u>714</u>	<u>5,619</u>
Fund balances:				
Reserve for encumbrances	-	9,200	1,478	75
Unreserved; undesignated (deficit)	<u>51,103</u>	<u>12,233</u>	<u>10,430</u>	<u>20,265</u>
Total fund balances (deficit)	<u>51,103</u>	<u>21,433</u>	<u>11,908</u>	<u>20,340</u>
Total liabilities and fund balances	<u>\$ 51,328</u>	<u>\$ 26,575</u>	<u>\$ 12,622</u>	<u>\$ 25,959</u>

<u>Education Foundation</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Data Communication</u>
\$ 7,453	\$ 74,963	\$ 115,163	\$ 150	\$ 1,600	\$ 12,000
-	60	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,453</u>	<u>\$ 75,023</u>	<u>\$ 115,163</u>	<u>\$ 150</u>	<u>\$ 1,600</u>	<u>\$ 12,000</u>
\$ 1,200	\$ 328	\$ 66,670	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	17	1,222	70	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,200</u>	<u>345</u>	<u>67,892</u>	<u>70</u>	<u>-</u>	<u>-</u>
125	8,028	9,796	150	-	12,000
<u>6,128</u>	<u>66,650</u>	<u>37,475</u>	<u>(70)</u>	<u>1,600</u>	<u>-</u>
<u>6,253</u>	<u>74,678</u>	<u>47,271</u>	<u>80</u>	<u>1,600</u>	<u>12,000</u>
<u>\$ 7,453</u>	<u>\$ 75,023</u>	<u>\$ 115,163</u>	<u>\$ 150</u>	<u>\$ 1,600</u>	<u>\$ 12,000</u>

Continued

West Geauga Local School District

Combining Balance Sheet – Nonmajor Special Revenue Funds (continued)

June 30, 2006

	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Student Intervention</u>	<u>Disability Access Grant</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,960	\$ -	\$ -	\$ 9,519
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total assets	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,519</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,311
Accrued wages and benefits	-	-	-	-
Intergovernmental payable	-	40	-	27
Interfund payable	-	-	-	7,221
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>40</u>	<u>-</u>	<u>16,559</u>
Fund balances:				
Reserve for encumbrances	-	-	-	208
Unreserved; undesignated (deficit)	<u>1,960</u>	<u>(40)</u>	<u>-</u>	<u>(7,248)</u>
Total fund balances (deficit)	<u>1,960</u>	<u>(40)</u>	<u>-</u>	<u>(7,040)</u>
Total liabilities and fund balances	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,519</u>

<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title III Limited English Proficiency</u>	<u>Title V</u>	<u>Drug Free Schools</u>	<u>Classroom Reduction</u>	<u>Totals</u>
\$ 157	\$ 32,211	\$ 76	\$ 5,073	\$ -	\$ -	\$ 376,713
-	-	-	-	-	-	156
<u>-</u>	<u>64,570</u>	<u>486</u>	<u>7,320</u>	<u>1,919</u>	<u>6,521</u>	<u>80,816</u>
<u>\$ 157</u>	<u>\$ 96,781</u>	<u>\$ 562</u>	<u>\$ 12,393</u>	<u>\$ 1,919</u>	<u>\$ 6,521</u>	<u>\$ 457,685</u>
\$ -	\$ 6,351	\$ -	\$ 5,073	\$ -	\$ -	\$ 95,487
-	14,296	-	-	-	-	14,296
-	7,454	-	-	-	88	8,944
-	41,784	-	5,073	-	-	59,198
<u>-</u>	<u>17,556</u>	<u>486</u>	<u>2,247</u>	<u>1,919</u>	<u>3,690</u>	<u>25,898</u>
<u>-</u>	<u>87,441</u>	<u>486</u>	<u>12,393</u>	<u>1,919</u>	<u>3,778</u>	<u>203,823</u>
-	25,860	-	-	-	-	66,920
<u>157</u>	<u>(16,520)</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>2,743</u>	<u>186,942</u>
<u>157</u>	<u>9,340</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>2,743</u>	<u>253,862</u>
<u>\$ 157</u>	<u>\$ 96,781</u>	<u>\$ 562</u>	<u>\$ 12,393</u>	<u>\$ 1,919</u>	<u>\$ 6,521</u>	<u>\$ 457,685</u>

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2006

	Special Trusts	Rotary	Public School Support	Other Grants
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Tuition	-	5,035	-	-
Earnings on investments	3,598	-	-	-
Extracurricular activities	-	123,366	-	-
Miscellaneous	675	4,315	34,523	29,547
Refund of prior year expenditures	-	96	-	-
Total revenues	<u>4,273</u>	<u>132,812</u>	<u>34,523</u>	<u>29,547</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	127,992	20,246	4,785
Special	-	-	-	11,424
Support services:				
Pupils	327	-	504	-
Instructional staff	-	-	-	471
Administration	-	5,447	14,848	-
Operation of non-instructional services:				
Community services	3,374	-	-	1,756
Extracurricular activities	-	-	-	3,919
Refund of prior years receipts	-	250	-	1,129
Total expenditures	<u>3,701</u>	<u>133,689</u>	<u>35,598</u>	<u>23,484</u>
Excess of revenues over (under) expenditures	572	(877)	(1,075)	6,063
Other financing sources (uses):				
Transfers-in	-	591	-	-
Net change in fund balance	572	(286)	(1,075)	6,063
Fund balance (deficit), beginning of year	<u>50,531</u>	<u>21,719</u>	<u>12,983</u>	<u>14,277</u>
Fund balance (deficit), end of year	<u>\$ 51,103</u>	<u>\$ 21,433</u>	<u>\$ 11,908</u>	<u>\$ 20,340</u>

<u>Education Foundation</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Data Communication</u>
\$ -	\$ -	\$ 425,558	\$ 8,469	\$ 1,600	\$ 12,000
-	-	-	-	-	-
-	-	7,559	-	-	-
-	248,906	-	-	-	-
18,963	24,779	-	-	-	-
-	689	154	-	-	-
<u>18,963</u>	<u>274,374</u>	<u>433,271</u>	<u>8,469</u>	<u>1,600</u>	<u>12,000</u>
12,129	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,326	-	-
1,481	-	392,371	-	-	-
1,693	265,453	-	-	-	-
607	-	1,629	-	-	-
<u>15,910</u>	<u>265,453</u>	<u>394,000</u>	<u>8,326</u>	<u>-</u>	<u>-</u>
3,053	8,921	39,271	143	1,600	12,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,053	8,921	39,271	143	1,600	12,000
<u>3,200</u>	<u>65,757</u>	<u>8,000</u>	<u>(63)</u>	<u>-</u>	<u>-</u>
\$ <u><u>6,253</u></u>	\$ <u><u>74,678</u></u>	\$ <u><u>47,271</u></u>	\$ <u><u>80</u></u>	\$ <u><u>1,600</u></u>	\$ <u><u>12,000</u></u>

Continued

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds (continued)

For The Fiscal Year Ended June 30, 2006

	SchoolNet Professional Development	Ohio Reads	Student Intervention	Disability Access Grant
Revenues:				
Intergovernmental	\$ 3,925	\$ 5,505	\$ 8,328	\$ 30,787
Tuition	-	-	-	-
Earnings on investments	-	-	-	-
Extracurricular activities	-	-	-	-
Miscellaneous	-	-	-	-
Refund of prior year expenditures	-	122	2,375	5,155
Total revenues	<u>3,925</u>	<u>5,627</u>	<u>10,703</u>	<u>35,942</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	4,228	2,698	-
Special	-	-	-	-
Support services:				
Pupils	-	-	-	-
Instructional staff	3,282	-	-	45,247
Administration	-	-	-	-
Operation of non-instructional services:				
Community services	-	-	-	-
Extracurricular activities	-	-	-	-
Refund of prior years receipts	-	221	32	9
Total expenditures	<u>3,282</u>	<u>4,449</u>	<u>2,730</u>	<u>45,256</u>
Excess of revenues over (under) expenditures	643	1,178	7,973	(9,314)
Other financing sources (uses):				
Transfers-in	-	-	-	-
Net change in fund balance	643	1,178	7,973	(9,314)
Fund balance (deficit), beginning of year	<u>1,317</u>	<u>(1,218)</u>	<u>(7,973)</u>	<u>2,274</u>
Fund balance (deficit), end of year	\$ <u>1,960</u>	\$ <u>(40)</u>	\$ <u>-</u>	\$ <u>(7,040)</u>

<u>Micellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title III Limited English Proficiency</u>	<u>Title V</u>	<u>Drug Free Schools</u>	<u>Classroom Reduction</u>	<u>Totals</u>
\$ -	\$ 609,289	\$ 481	\$ 16,966	\$ 4,688	\$ 46,238	\$ 1,173,834
-	-	-	-	-	-	5,035
-	-	-	-	-	-	11,157
-	-	-	-	-	-	372,272
-	-	-	-	-	-	112,802
-	-	-	-	-	-	8,591
<u>-</u>	<u>609,289</u>	<u>481</u>	<u>16,966</u>	<u>4,688</u>	<u>46,238</u>	<u>1,683,691</u>
1,620	-	405	3,145	6,776	35,095	219,119
-	70,972	-	226	-	-	82,622
-	478,970	-	-	-	-	479,801
-	8,632	-	8,075	1,300	9,755	76,762
-	29,834	-	-	-	-	58,455
-	24,238	-	1,928	-	-	425,148
-	-	-	-	-	-	271,065
-	-	-	-	-	-	3,877
<u>1,620</u>	<u>612,646</u>	<u>405</u>	<u>13,374</u>	<u>8,076</u>	<u>44,850</u>	<u>1,616,849</u>
(1,620)	(3,357)	76	3,592	(3,388)	1,388	66,842
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591</u>
(1,620)	(3,357)	76	3,592	(3,388)	1,388	67,433
<u>1,777</u>	<u>12,697</u>	<u>-</u>	<u>(3,592)</u>	<u>3,388</u>	<u>1,355</u>	<u>186,429</u>
\$ <u>157</u>	\$ <u>9,340</u>	\$ <u>76</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,743</u>	\$ <u>253,862</u>

West Geauga Local School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2006

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects</u>
Assets:			
Equity in pooled cash and investments	\$ 563,668	\$ -	\$ 563,668
Taxes receivable	302,147	-	302,147
Restricted cash:			
Cash with escrow agent	<u>1,375,000</u>	<u>-</u>	<u>1,375,000</u>
Total assets	\$ <u>2,240,815</u>	\$ <u>-</u>	\$ <u>2,240,815</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 2,870	\$ -	\$ 2,870
Deferred revenue	<u>302,147</u>	<u>-</u>	<u>302,147</u>
Total liabilities	<u>305,017</u>	<u>-</u>	<u>305,017</u>
Fund balance:			
Reserve for encumbrances	1,749,568	-	1,749,568
Unreserved, undesignated	<u>186,230</u>	<u>-</u>	<u>186,230</u>
Total fund balance	<u>1,935,798</u>	<u>-</u>	<u>1,935,798</u>
Total liabilities and fund balances	\$ <u>2,240,815</u>	\$ <u>-</u>	\$ <u>2,240,815</u>

West Geauga Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds

For The Fiscal Year Ended June 30, 2006

	Permanent Improvement	SchoolNet Plus	Total Nonmajor Capital Projects
Revenues:			
Taxes	\$ 294,544	\$ -	\$ 294,544
Intergovernmental	<u>70,897</u>	<u>-</u>	<u>70,897</u>
Total revenues	<u>365,441</u>	<u>-</u>	<u>365,441</u>
Expenditures:			
Current:			
Instruction:			
Regular	82,998	354	83,352
Supporting services:			
Instructional staff	29,920	-	29,920
Fiscal	8,342	-	8,342
Operations and maintenance of plant	210,448	-	210,448
Pupil transportation	103,113	-	103,113
Facilities acquisition and construction services	<u>977,742</u>	<u>-</u>	<u>977,742</u>
Total expenditures	<u>1,412,563</u>	<u>354</u>	<u>1,412,917</u>
Excess of revenues over (under) expenditures	(1,047,122)	(354)	(1,047,476)
Other financing sources (uses):			
Issuance of lease purchase agreements	<u>1,375,000</u>	<u>-</u>	<u>1,375,000</u>
Net change in fund balance	327,878	(354)	327,524
Fund balance, beginning of year	<u>1,607,920</u>	<u>354</u>	<u>1,608,274</u>
Fund balance, end of year	\$ <u>1,935,798</u>	\$ <u>-</u>	\$ <u>1,935,798</u>

West Geauga Local School District

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 15,031,073	\$ 15,884,642	\$ 15,921,809	\$ 37,167
Intergovernmental	5,881,863	6,250,983	6,269,394	18,411
Tuition	97,376	103,767	104,103	336
Earnings on investments	264,149	281,486	282,398	912
Extracurricular activities	-	1,375	1,375	-
Miscellaneous	29,421	31,351	31,453	102
Refund of prior year expenditures	<u>264,503</u>	<u>281,864</u>	<u>282,776</u>	<u>912</u>
Total revenues	<u>21,568,385</u>	<u>22,835,468</u>	<u>22,893,308</u>	<u>57,840</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,772,610	9,812,072	9,552,143	259,929
Special	2,722,588	2,663,475	2,608,230	55,245
Vocational education	226,754	221,659	212,739	8,920
Other	440,007	430,462	432,367	(1,905)
Support services:				
Pupil	1,508,044	1,474,878	1,396,739	78,139
Instructional staff	811,071	793,167	748,374	44,793
Board of education	35,551	34,757	33,905	852
Administration	1,826,676	1,785,921	1,681,152	104,769
Fiscal services	651,266	640,007	598,817	41,190
Business	215,478	210,929	202,216	8,713
Operation and maintenance - plant	2,195,618	2,147,949	2,057,725	90,224
Pupil transportation	1,946,880	1,903,293	1,828,143	75,150
Central services	61,339	59,961	56,601	3,360
Extracurricular activities	532,537	520,571	491,401	29,170
Refund of prior year receipts	<u>6,317</u>	<u>6,175</u>	<u>5,829</u>	<u>346</u>
Total expenditures	<u>22,952,736</u>	<u>22,705,276</u>	<u>21,906,381</u>	<u>798,895</u>
Excess of revenues over (under) expenditures	<u>(1,384,351)</u>	<u>130,192</u>	<u>986,927</u>	<u>856,735</u>

Continued

West Geauga Local School District

General Fund (continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Advances - in	26,460	28,197	28,288	91
Transfers - out	(195,708)	(191,311)	(180,591)	10,720
Advances - out	(76,799)	(75,074)	(70,867)	4,207
Total other financing sources (uses)	<u>(246,047)</u>	<u>(238,188)</u>	<u>(223,170)</u>	<u>15,018</u>
Net change in fund balance	(1,630,398)	(107,996)	763,757	871,753
Fund balance beginning of year	1,504,333	1,504,333	1,504,333	-
Prior year encumbrances appropriated	<u>213,536</u>	<u>213,536</u>	<u>213,536</u>	<u>-</u>
Fund balance end of year	\$ <u>87,471</u>	\$ <u>1,609,873</u>	\$ <u>2,481,626</u>	\$ <u>871,753</u>

West Geauga Local School District

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,009,416	\$ 2,165,674	\$ 2,165,673	\$ (1)
Intergovernmental	218,245	235,216	235,216	-
Total revenues	<u>2,227,661</u>	<u>2,400,890</u>	<u>2,400,889</u>	<u>(1)</u>
Expenditures:				
Current:				
Support services:				
Fiscal services	21,875	22,390	22,306	84
Debt service:				
Principal	1,490,628	1,525,684	1,520,000	5,684
Interest and fiscal charges	<u>740,346</u>	<u>757,712</u>	<u>754,886</u>	<u>2,826</u>
Total expenditures	<u>2,252,849</u>	<u>2,305,786</u>	<u>2,297,192</u>	<u>8,594</u>
Net change in fund balance	(25,188)	95,104	103,697	8,593
Fund balance at beginning of year	<u>1,422,608</u>	<u>1,422,608</u>	<u>1,422,608</u>	-
Fund balance at end of year	\$ <u><u>1,397,420</u></u>	\$ <u><u>1,517,712</u></u>	\$ <u><u>1,526,305</u></u>	\$ <u><u>8,593</u></u>

West Geauga Local School District

Special Trusts – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 42,102	\$ 3,598	\$ 3,598	\$ -
Miscellaneous	<u>7,898</u>	<u>675</u>	<u>675</u>	<u>-</u>
Total revenues	<u>50,000</u>	<u>4,273</u>	<u>4,273</u>	<u>-</u>
Expenditures:				
Current:				
Support services:				
Pupils	9,853	5,062	327	4,735
Operation of non-instructional services:				
Community services	<u>46,297</u>	<u>49,742</u>	<u>3,374</u>	<u>46,368</u>
Total expenditures	<u>51,000</u>	<u>54,804</u>	<u>3,701</u>	<u>51,103</u>
Net change in fund balance	(1,000)	(50,531)	572	51,103
Fund balance at beginning of year	49,531	49,531	49,531	-
Prior year encumbrances appropriated	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund balance at end of year	\$ <u>49,531</u>	\$ <u>-</u>	\$ <u>51,103</u>	\$ <u>51,103</u>

West Geauga Local School District

Rotary – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Tuition	\$ 3,806	\$ 4,585	\$ 5,035	\$ 450
Extracurricular activities	93,264	123,366	123,366	-
Miscellaneous	3,262	4,300	4,315	15
Total revenues	<u>100,332</u>	<u>132,251</u>	<u>132,716</u>	<u>465</u>
Expenditures:				
Current:				
Instruction:				
Regular	104,123	154,026	138,312	15,714
Support services:				
Administrative	4,392	6,498	5,447	1,051
Refund of prior year receipts	<u>202</u>	<u>298</u>	<u>250</u>	<u>48</u>
Total expenditures	<u>108,717</u>	<u>160,822</u>	<u>144,009</u>	<u>16,813</u>
Excess of revenues over (under) expenditures	<u>(8,385)</u>	<u>(28,571)</u>	<u>(11,293)</u>	<u>17,278</u>
Other financing sources (uses):				
Transfers – in	447	591	591	-
Advances – in	<u>7,938</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Total other financing sources (uses)	<u>8,385</u>	<u>11,091</u>	<u>11,091</u>	<u>-</u>
Net change in fund balance	-	(17,480)	(202)	17,278
Fund balance at beginning of year	<u>17,481</u>	<u>17,481</u>	<u>17,481</u>	<u>-</u>
Fund balance at end of year	\$ <u>17,481</u>	\$ <u>1</u>	\$ <u>17,279</u>	\$ <u>17,278</u>

West Geauga Local School District

Public School Support – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 25,300	\$ 34,523	\$ 34,523	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	17,518	26,320	20,326	5,994
Supporting services:				
Pupil	433	651	500	151
Administration	12,922	19,256	16,521	2,735
Total expenditures	30,873	46,227	37,347	8,880
Net change in fund balance	(5,573)	(11,704)	(2,824)	8,880
Fund balance at beginning of year	12,935	12,935	12,935	-
Prior year encumbrances appropriated	373	373	373	-
Fund balance at end of year	\$ 7,735	\$ 1,604	\$ 10,484	\$ 8,880

West Geauga Local School District

Other Grants – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ <u>37,100</u>	\$ <u>29,547</u>	\$ <u>29,547</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,215	8,320	4,885	3,435
Special	14,432	11,669	11,424	245
Support services:				
Instructional services	2,117	1,846	699	1,147
Operation of non-instructional services:				
Community services	1,906	1,733	1,717	16
Extracurricular activities	8,150	6,590	4,019	2,571
Refund of prior year receipt	<u>2,289</u>	<u>1,851</u>	<u>1,129</u>	<u>722</u>
Total expenditures	<u>39,109</u>	<u>32,009</u>	<u>23,873</u>	<u>8,136</u>
Net change in fund balance	(2,009)	(2,462)	5,674	8,136
Fund balance at beginning of year	12,696	12,696	12,696	-
Prior year encumbrances appropriated	<u>2,009</u>	<u>2,009</u>	<u>2,009</u>	<u>-</u>
Fund balance at end of year	\$ <u>12,696</u>	\$ <u>12,243</u>	\$ <u>20,379</u>	\$ <u>8,136</u>

West Geauga Local School District

Educational Foundation – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 13,423	\$ 18,963	\$ 18,963	\$ -
Refund of prior year expenditures	177	250	250	-
Total revenues	<u>13,600</u>	<u>19,213</u>	<u>19,213</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,104	15,007	12,254	2,753
Operation of non-instructional services:				
Regular	1,369	2,033	1,481	552
Extracurricular activities	1,566	2,325	1,693	632
Refund of prior years receipts	561	834	607	227
Total expenditures	<u>13,600</u>	<u>20,199</u>	<u>16,035</u>	<u>4,164</u>
Net change in fund balance	-	(986)	3,178	4,164
Fund balance at beginning of year	<u>2,950</u>	<u>2,950</u>	<u>2,950</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,950</u></u>	\$ <u><u>1,964</u></u>	\$ <u><u>6,128</u></u>	\$ <u><u>4,164</u></u>

West Geauga Local School District

District Managed Activities – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular activities	\$ 314,427	\$ 248,687	\$ 248,866	\$ 179
Miscellaneous	31,307	24,761	24,779	18
Refund of prior year expenditures	871	689	689	-
Total revenues	<u>346,605</u>	<u>274,137</u>	<u>274,334</u>	<u>197</u>
Expenditures:				
Current:				
Extracurricular activities	<u>349,559</u>	<u>331,654</u>	<u>275,795</u>	<u>55,859</u>
Excess of revenues over (under) expenditures	<u>(2,954)</u>	<u>(57,517)</u>	<u>(1,461)</u>	<u>56,056</u>
Other financing sources (uses):				
Transfers - in	58,396	46,187	46,220	33
Transfers - out	<u>(59,681)</u>	<u>(56,586)</u>	<u>(46,220)</u>	<u>10,366</u>
Total other financing sources (uses)	<u>(1,285)</u>	<u>(10,399)</u>	<u>-</u>	<u>10,399</u>
Net change in fund balance	(4,239)	(67,916)	(1,461)	66,455
Fund balance at beginning of year	63,828	63,828	63,828	-
Prior year encumbrances appropriated	<u>4,240</u>	<u>4,240</u>	<u>4,240</u>	<u>-</u>
Fund balance at end of year	\$ <u>63,829</u>	\$ <u>152</u>	\$ <u>66,607</u>	\$ <u>66,455</u>

West Geauga Local School District

Auxiliary Services – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ 7,453	\$ 7,559	\$ 7,559	\$ -
Intergovernmental	419,595	425,558	425,558	-
Refund of prior year expenditures	152	154	154	-
Total revenues	<u>427,200</u>	<u>433,271</u>	<u>433,271</u>	<u>-</u>
Expenditures:				
Current:				
Community services	456,364	462,408	424,069	38,339
Refund of prior year receipts	1,993	2,021	1,629	392
Total expenditures	<u>458,357</u>	<u>464,429</u>	<u>425,698</u>	<u>38,731</u>
Net change in fund balance	(31,157)	(31,158)	7,573	38,731
Fund balance at beginning of year	157	157	157	-
Prior year encumbrances appropriated	<u>31,100</u>	<u>31,100</u>	<u>31,100</u>	<u>-</u>
Fund balance at end of year	\$ <u>100</u>	\$ <u>99</u>	\$ <u>38,830</u>	\$ <u>38,731</u>

West Geauga Local School District

Management Information Systems – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>8,000</u>	\$ <u>8,469</u>	\$ <u>8,469</u>	\$ <u>-</u>
Expenditures:				
Current:				
Support services:				
Administrative	<u>8,000</u>	<u>8,469</u>	<u>8,469</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

West Geauga Local School District

Entry Year Programs – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 1,600	\$ 1,600	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	-	1,600	-	1,600
Net change in fund balance	-	-	1,600	1,600
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 1,600	\$ 1,600

West Geauga Local School District

Data Communication – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Expenditures:				
Current:				
Support services:				
Central	12,000	12,000	12,000	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

West Geauga Local School District

SchoolNet Professional Development – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 4,100	\$ 3,925	\$ 3,925	\$ -
Expenditures:				
Current:				
Support services:				
Instruvctional staff	4,100	5,247	3,287	1,960
Net change in fund balance	-	(1,322)	638	1,960
Fund balance at beginning of year	1,322	1,322	1,322	-
Fund balance at end of year	\$ 1,322	\$ -	\$ 1,960	\$ 1,960

West Geauga Local School District

Ohio Reads – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 925	\$ 5,505	\$ 5,505	\$ -
Refund of prior year expenditures	21	122	122	-
Total revenue	<u>946</u>	<u>5,627</u>	<u>5,627</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	946	5,789	4,843	946
Refund of prior year receipts	-	221	221	-
Total expenditures	<u>946</u>	<u>6,010</u>	<u>5,064</u>	<u>946</u>
Excess of revenues over (under) expenditures	-	(383)	563	946
Other financing sources (uses):				
Advances – out	-	(563)	(563)	-
Net change in fund balance	-	(946)	-	946
Fund balance at beginning of year	(946)	(946)	(946)	-
Prior year encumbrances appropriated	<u>946</u>	<u>946</u>	<u>946</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>(946)</u>	\$ <u>-</u>	\$ <u>946</u>

West Geauga Local School District

Student Intervention – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 29,993	\$ 8,328	\$ 8,328	\$ -
Refund of prior year expenditures	8,554	2,375	2,375	-
Total revenues	<u>38,547</u>	<u>10,703</u>	<u>10,703</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	32,258	9,444	8,933	511
Refund of prior year receipts	114	32	32	-
Total expenditures	<u>32,372</u>	<u>9,476</u>	<u>8,965</u>	<u>511</u>
Excess of revenues over (under) expenditures	<u>6,175</u>	<u>1,227</u>	<u>1,738</u>	<u>511</u>
Other financing sources (uses):				
Advances – in	4,624	1,284	1,284	-
Advances – out	<u>(10,739)</u>	<u>(3,022)</u>	<u>(3,022)</u>	<u>-</u>
Total other financing sources and uses	<u>(6,115)</u>	<u>(1,738)</u>	<u>(1,738)</u>	<u>-</u>
Net change in fund balance	60	(511)	-	511
Fund balance at beginning of year	(511)	(511)	(511)	-
Prior year encumbrances appropriated	<u>511</u>	<u>511</u>	<u>511</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>60</u></u>	\$ <u><u>(511)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>511</u></u>

West Geauga Local School District

Disability Access Grant – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 28,764	\$ 25,636	\$ 30,787	\$ 5,151
Refund of prior year expenditures	4,816	4,293	5,155	862
Total revenues	<u>33,580</u>	<u>29,929</u>	<u>35,942</u>	<u>6,013</u>
Expenditures:				
Current:				
Support services:				
Instructional staff	42,956	41,399	45,792	(4,393)
Refund of prior year receipts	9	9	9	-
Total expenditures	<u>42,965</u>	<u>41,408</u>	<u>45,801</u>	<u>(4,393)</u>
Excess of revenues over (under) expenditures	(9,385)	(11,479)	(9,859)	1,620
Other financing sources (uses):				
Advances – in	<u>6,747</u>	<u>6,013</u>	<u>7,221</u>	<u>1,208</u>
Net change in fund balance	(2,638)	(5,466)	(2,638)	2,828
Fund balance at beginning of year	(2,828)	(2,828)	(2,828)	-
Prior year encumbrances appropriated	<u>5,466</u>	<u>5,466</u>	<u>5,466</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>(2,828)</u>	\$ <u>-</u>	\$ <u>2,828</u>

West Geauga Local School District

Miscellaneous State Grants – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>3,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	<u>4,500</u>	<u>1,777</u>	<u>1,620</u>	<u>157</u>
Net change in fund balance	(1,500)	(1,777)	(1,620)	157
Fund balance at beginning of year	<u>1,777</u>	<u>1,777</u>	<u>1,777</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>277</u></u>	\$ <u><u>-</u></u>	\$ <u><u>157</u></u>	\$ <u><u>157</u></u>

West Geauga Local School District

Title VI-B – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>651,596</u>	\$ <u>655,414</u>	\$ <u>685,734</u>	\$ <u>30,320</u>
Expenditures:				
Current:				
Instruction:				
Special	73,816	85,094	70,273	14,821
Support services:				
Pupils	554,204	644,331	581,356	62,975
Instructional staff	7,218	8,631	8,632	(1)
Administration	24,178	28,889	28,772	117
Operation of non-instructional services:				
Community services	<u>20,268</u>	<u>24,235</u>	<u>24,238</u>	<u>(3)</u>
Total expenditures	<u>679,684</u>	<u>791,180</u>	<u>713,271</u>	<u>77,909</u>
Excess of revenues over (under) expenditures	<u>(28,088)</u>	<u>(135,766)</u>	<u>(27,537)</u>	<u>108,229</u>
Other financing sources (uses):				
Advances - in	42,174	42,420	44,383	1,963
Advances - out	<u>(14,086)</u>	<u>(16,844)</u>	<u>(16,846)</u>	<u>(2)</u>
Total other financing sources (uses)	<u>28,088</u>	<u>25,576</u>	<u>27,537</u>	<u>1,961</u>
Net change in fund balance	-	(110,190)	-	110,190
Fund balance at beginning of year	(110,190)	(110,190)	(110,190)	-
Prior year encumbrances appropriated	<u>110,190</u>	<u>110,190</u>	<u>110,190</u>	-
Fund balance at end of year	\$ <u>-</u>	\$ <u>(110,190)</u>	\$ <u>-</u>	\$ <u>110,190</u>

West Geauga Local School District

Title III Limited English Proficiency – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 486	\$ 481	\$ 481	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	486	481	405	76
Net change in fund balance	-	-	76	76
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 76	\$ 76

West Geauga Local School District

Title V – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 23,882	\$ 12,234	\$ 13,837	\$ 1,603
Expenditures:				
Current:				
Instruction:				
Regular	-	3,145	3,145	-
Special	10,976	4,012	4,012	-
Support services:				
Instructional staff	17,437	8,075	8,075	-
Operation of non-instructional services:				
Community services	-	1,928	1,928	-
Total expenditures	28,413	17,160	17,160	-
Excess of revenues over (under) expenditures	(4,531)	(4,926)	(3,323)	1,603
Other financing sources (uses):				
Advances-in	10,528	5,393	6,100	707
Advances-out	(5,997)	(2,777)	(2,777)	-
Total other financing sources (uses)	4,531	2,616	3,323	707
Net change in fund balance	-	(2,310)	-	2,310
Fund balance at beginning of year	(2,310)	(2,310)	(2,310)	-
Prior year encumbrances appropriated	2,310	2,310	2,310	-
Fund balance at end of year	\$ -	\$ (2,310)	\$ -	\$ 2,310

West Geauga Local School District

Drug Free Schools Grant – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 9,980	\$ 8,146	\$ 8,145	\$ (1)
Expenditures:				
Current:				
Instruction:				
Regular	8,962	10,303	6,845	3,458
Support services:				
Instructional staff	1,046	1,300	1,300	-
Total expenditures	10,008	11,603	8,145	3,458
Excess of revenues over (under) expenditures	(28)	(3,457)	-	3,457
Other financing sources (uses):				
Advances-in	85	69	69	-
Advances-out	(56)	(69)	(69)	-
Total other financing sources (uses)	29	-	-	-
Net change in fund balance	1	(3,457)	-	3,457
Fund balance at beginning of year	(3,457)	(3,457)	(3,457)	-
Prior year encumbrances appropriated	3,457	3,457	3,457	-
Fund balance at end of year	\$ 1	\$ (3,457)	\$ -	\$ 3,457

West Geauga Local School District

Classroom Reduction – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>53,437</u>	\$ <u>57,424</u>	\$ <u>57,424</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	35,186	43,894	40,822	3,072
Support services:				
Instructional staff	15,245	13,979	12,901	1,078
Operation of non-instructional services:				
Community services	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>50,431</u>	<u>58,873</u>	<u>53,723</u>	<u>5,150</u>
Excess of revenues over (under) expenditures	<u>3,006</u>	<u>(1,449)</u>	<u>3,701</u>	<u>5,150</u>
Other financing sources (uses):				
Advances - in	1,219	1,310	1,310	-
Advance - out	<u>(4,224)</u>	<u>(5,011)</u>	<u>(5,011)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,005)</u>	<u>(3,701)</u>	<u>(3,701)</u>	<u>-</u>
Net change in fund balance	1	(5,150)	-	5,150
Fund balance at beginning of year	(5,150)	(5,150)	(5,150)	-
Prior year encumbrances appropriated	<u>5,150</u>	<u>5,150</u>	<u>5,150</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1</u></u>	\$ <u><u>(5,150)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>5,150</u></u>

West Geauga Local School District

Permanent Improvement – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 395,059	\$ 493,299	\$ 493,299	\$ -
Intergovernmental	56,778	70,897	70,897	-
Total revenues	<u>451,837</u>	<u>564,196</u>	<u>564,196</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	31,365	40,022	111,771	(71,749)
Support Services:				
Instructional staff	11,645	14,752	30,120	(15,368)
Fiscal services	3,027	3,893	8,342	(4,449)
Operation and maintenance - plant	1,486,511	1,508,068	309,718	1,198,350
Pupil transportation	37,409	48,118	103,113	(54,995)
Facilities acquisition and construction services	<u>506,624</u>	<u>637,057</u>	<u>1,502,616</u>	<u>(865,559)</u>
Total expenditures	<u>2,076,581</u>	<u>2,251,910</u>	<u>2,065,680</u>	<u>186,230</u>
Net change in fund balance	(1,624,744)	(1,687,714)	(1,501,484)	186,230
Fund balance at beginning of year	223,626	223,626	223,626	-
Prior year encumbrances appropriated	<u>1,464,088</u>	<u>1,464,088</u>	<u>1,464,088</u>	<u>-</u>
Fund balance at end of year	\$ <u>62,970</u>	\$ <u>-</u>	\$ <u>186,230</u>	\$ <u>186,230</u>

West Geauga Local School District

School Net Plus – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 23,500	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	23,854	354	354	-
Net change in fund balance	(354)	(354)	(354)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	354	354	354	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

West Geauga Local School District

Food Service – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Food service	\$ 422,492	\$ 420,170	\$ 420,205	\$ 35
Intergovernmental	42,422	42,190	42,193	3
Refund of prior year expenditures	19,133	19,028	19,029	1
Total revenues	<u>484,047</u>	<u>481,388</u>	<u>481,427</u>	<u>39</u>
Expenditures:				
Salaries	227,245	227,505	223,778	3,727
Employees' retirement and insurance	101,529	101,646	99,980	1,666
Purchased services	329,603	329,979	324,975	5,004
Supplies and materials	713	714	702	12
Other expenses	<u>910</u>	<u>911</u>	<u>896</u>	<u>15</u>
Total expenditures	<u>660,000</u>	<u>660,755</u>	<u>650,331</u>	<u>10,424</u>
Excess of revenues over (under) expenditures	(175,953)	(179,367)	(168,904)	10,463
Other financing sources and (uses):				
Transfers - in	<u>175,953</u>	<u>174,986</u>	<u>175,000</u>	<u>14</u>
Net change in fund balance	-	(4,381)	6,096	10,477
Fund balance at beginning of year	<u>4,381</u>	<u>4,381</u>	<u>4,381</u>	-
Fund balance at end of year	\$ <u>4,381</u>	\$ <u>-</u>	\$ <u>10,477</u>	\$ <u>10,477</u>

West Geauga Local School District

Uniform School Supply – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Classroom materials and fees	\$ 174,850	\$ 209,181	\$ 210,643	\$ 1,462
Expenditures:				
Salaries and wages	2,551	2,978	640	2,338
Employers' retirement and insurances	103	176	109	67
Purchased services	303	516	320	196
Materials and supplies	177,988	303,460	188,011	115,449
Capital outlay	-	-	750	(750)
Total expenditures	<u>180,945</u>	<u>307,130</u>	<u>189,830</u>	<u>117,300</u>
Excess of revenues over (under) expenditures	(6,095)	(97,949)	20,813	118,762
Other financing sources (uses):				
Transfers - in	<u>4,150</u>	<u>4,965</u>	<u>5,000</u>	<u>35</u>
Net change in fund balance	(1,945)	(92,984)	25,813	118,797
Fund balance at beginning of year	91,039	91,039	91,039	-
Prior year encumbrances appropriated	<u>1,945</u>	<u>1,945</u>	<u>1,945</u>	<u>-</u>
Fund balance at end of year	\$ <u>91,039</u>	\$ <u>-</u>	\$ <u>118,797</u>	\$ <u>118,797</u>

West Geauga Local School District

Adult Education – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenses:				
Other	\$ <u>12</u>	\$ <u>12</u>	\$ <u>-</u>	\$ <u>12</u>
Net change in fund balance	(12)	(12)	-	12
Fund balance at beginning of year	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>12</u></u>	\$ <u><u>12</u></u>

West Geauga Local School District

Combining Statement of Changes in Assets and Liabilities All Agency Funds

For The Fiscal Year Ended June 30, 2006

	<u>Balance</u> <u>6/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/06</u>
Student Activities:				
Assets:				
Equity in pooled cash and cash equivalents	\$ 45,157	\$ 127,584	\$ 125,966	\$ 46,775
Accounts receivable	<u>580</u>	<u>-</u>	<u>580</u>	<u>-</u>
Total assets	<u>\$ 45,737</u>	<u>\$ 127,584</u>	<u>\$ 126,546</u>	<u>\$ 46,775</u>
Liabilities:				
Accounts payable	\$ 501	\$ 467	\$ 501	\$ 467
Due to students	<u>45,236</u>	<u>1,072</u>	<u>-</u>	<u>46,308</u>
Total liabilities	<u>\$ 45,737</u>	<u>\$ 1,539</u>	<u>\$ 501</u>	<u>\$ 46,775</u>

West Geauga Local School District

STATISTICAL SECTION

West Geauga Local School District

June 30, 2006

This part of the West Geauga Local School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	109 – 116
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	117 – 122
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	123 – 126
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	127 – 128
Operating Information These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the school District provides and the activities it performs.	129 – 133

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

West Geauga Local School District

Net Assets by Component – Last Four Fiscal Years

June 30, 2006

Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 974,708	\$ 1,660,293	\$ 705,718	\$ 1,837,934
Restricted for:				
Debt services	1,444,674	1,477,350	2,128,389	1,850,260
Capital projects	339,551	-	1,608,274	1,935,798
Set asides				
Other purposes	50,787	63,535	22,985	25,576
Unrestricted (deficit)	<u>(2,454,790)</u>	<u>(2,657,113)</u>	<u>15,172</u>	<u>(2,228,120)</u>
Total net assets – governmental activities	<u>354,930</u>	<u>544,065</u>	<u>4,480,538</u>	<u>3,421,448</u>
Business – Type Activities:				
Invested in capital assets, net of related debt	-	595,066	1,302,145	1,277,136
Unrestricted (deficit)	<u>620,476</u>	<u>(27,424)</u>	<u>(16,188)</u>	<u>17,534</u>
Total net assets – business – type activities	<u>620,476</u>	<u>567,642</u>	<u>1,285,957</u>	<u>1,294,670</u>
Primary Government:				
Invested in capital assets, net of related debt	974,708	2,255,359	2,007,863	3,115,070
Restricted for:				
Debt service	1,444,674	1,477,350	2,128,389	1,850,260
Capital projects	339,551	-	1,608,274	1,935,798
Set asides				
Other purposes	50,787	63,535	22,985	25,576
Unrestricted (deficit)	<u>(1,834,314)</u>	<u>(2,684,537)</u>	<u>(1,016)</u>	<u>(2,210,586)</u>
Total net assets – primary government	<u>\$ 975,406</u>	<u>\$ 1,111,707</u>	<u>\$ 5,766,495</u>	<u>\$ 4,716,118</u>

West Geauga Local School District

Changes in Net Assets – Last Four Fiscal Years

For The Fiscal Year Ended June 30, 2006

Table 2

Expenses	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Regular instruction	\$ 9,252,284	\$ 9,791,785	\$ 10,173,341	\$ 9,838,234
Special instruction	1,679,235	2,185,290	2,288,866	2,505,389
Vocational instruction	261,332	342,768	390,495	185,821
Other instruction	328,953	546,664	322,298	391,716
Pupil	1,660,194	1,813,446	1,700,703	1,790,903
Instructional staff	790,613	803,286	814,183	870,190
Board of education	62,082	64,333	51,367	44,858
Administration	2,451,753	1,667,237	1,612,665	1,640,485
Fiscal	506,582	578,176	590,209	735,376
Business	169,774	163,048	169,750	190,818
Operation and maintenance of plant	2,103,318	2,089,865	2,819,479	1,757,726
Pupil transportation	1,560,380	1,740,675	1,761,637	1,782,371
Central services	96,266	95,619	78,217	67,306
Community services	521,942	526,011	441,421	472,983
Extracurricular activities	695,640	766,421	735,399	765,699
Facilities acquisition and construction services	-	-	44,011	977,742
Interest and fiscal charges	<u>952,036</u>	<u>1,005,459</u>	<u>812,376</u>	<u>673,506</u>
Total Governmental Activities Expenses	<u>23,092,384</u>	<u>24,180,083</u>	<u>24,806,417</u>	<u>24,691,123</u>
Business – Type Activities:				
Food service	444,457	505,037	681,896	672,620
Uniform school supplies	160,824	164,637	179,733	189,780
Adult education	<u>5,732</u>	<u>2</u>	<u>-</u>	<u>-</u>
Total Business – Type Activities Expenses	<u>611,013</u>	<u>669,676</u>	<u>861,629</u>	<u>862,400</u>
Total Primary Government Expenses	<u>23,703,397</u>	<u>24,849,759</u>	<u>25,668,046</u>	<u>25,553,523</u>

Continued

West Geauga Local School District

Changes in Net Assets – Last Four Fiscal Years (continued)

June 30, 2006

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program revenues:				
Governmental activities:				
Charges for service:				
Regular instruction	2,151,924	152,457	342,736	81,152
Special instruction	6,475	9,987	8,343	-
Other instruction	-	-	-	5,035
Pupil Support	3,600	-	-	-
Board of education	640,027	12,422	-	-
Administration	-	-	-	9,904
Pupil transportation	8,282	5,238	11,777	9,412
Community services	35,088	3,401	16,383	-
Extracurricular activities	253,225	314,563	311,563	392,610
Operating Grants and Contributions:				
Regular instruction	134,587	80,831	48,126	31,367
Special instruction	296,389	314,372	532,114	640,076
Vocational instruction	28,202	-	-	-
Instructional staff support	54,115	62,625	71,304	56,364
Fiscal	9,560	9,308	7,982	8,469
Operation and maintenance of plant	406,911	435,454	431,366	425,558
Pupil transportation	41,079	-	-	-
Central	<u>7,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
Total governmental activities program revenues	<u>4,076,464</u>	<u>1,412,658</u>	<u>1,793,694</u>	<u>1,671,947</u>
Business – Type Activities:				
Charges for Services:				
Food service	394,619	409,201	420,539	419,854
Uniform school supplies	166,435	171,497	169,299	210,483
Adult education	3,840	2,000	-	-
Operating Grants and Contributions:				
Food service	<u>29,445</u>	<u>34,111</u>	<u>43,189</u>	<u>60,776</u>
Total business – type activities program revenues	<u>594,339</u>	<u>616,809</u>	<u>633,027</u>	<u>691,113</u>
Total Primary Governmental Revenues	<u>4,670,803</u>	<u>2,029,467</u>	<u>2,426,721</u>	<u>2,363,060</u>
Net (expense) revenue:				
Governmental activities	(19,015,920)	(22,767,425)	(23,012,723)	(23,019,176)
Business – type activities	<u>(16,674)</u>	<u>(52,867)</u>	<u>(228,602)</u>	<u>(171,287)</u>
Total primary government net expense	<u>(19,032,594)</u>	<u>(22,820,292)</u>	<u>(23,241,325)</u>	<u>(23,190,463)</u>

Continued

West Geauga Local School District

Changes in Net Assets – Last Four Fiscal Years (continued)

June 30, 2006

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes levied for:				
General purpose	12,431,877	12,369,741	17,665,219	12,786,535
Debt service	33,974	3,516,457	3,156,687	1,783,847
Capital projects	504,592	556,237	649,873	294,544
Grants and entitlements not restricted to specific programs	6,194,312	6,356,770	6,381,823	6,652,326
Earnings on investments	59,244	42,538	117,274	293,555
Miscellaneous	116,479	114,817	86,891	329,279
Transfers	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>(180,000)</u>
Total Governmental Activities	<u>19,340,478</u>	<u>22,956,560</u>	<u>27,887,767</u>	<u>21,960,086</u>
Business – Type Activities:				
Earnings on investments	66	33	-	-
Miscellaneous	-	-	19,029	-
Transfers	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>180,000</u>
Total Business – Type Activities	<u>66</u>	<u>33</u>	<u>189,029</u>	<u>180,000</u>
Total Primary Government	<u>19,340,544</u>	<u>22,956,593</u>	<u>28,076,796</u>	<u>22,140,086</u>
Change in Net Assets				
Governmental Activities	324,558	189,135	4,875,044	(1,059,090)
Business – Type Activities	<u>(16,608)</u>	<u>(52,834)</u>	<u>(39,573)</u>	<u>8,713</u>
Total primary government change in net assets	\$ <u>307,950</u>	\$ <u>136,301</u>	\$ <u>4,480,538</u>	\$ <u>(1,050,377)</u>

West Geauga Local School District

Program Revenues by Function/Program – Last Four Fiscal Years

June 30, 2006

Table 3

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Regular instruction	\$ 2,286,511	\$ 233,288	\$ 390,862	\$ 112,519
Special instruction	302,864	324,359	540,457	640,076
Vocational instruction	28,202	-	-	-
Other instruction	-	-	-	5,035
Pupil	3,600	-	-	-
Instructional staff support	54,115	62,625	71,304	56,364
Board of education	640,027	12,422	-	-
Administration	-	-	-	9,904
Fiscal	9,560	9,308	7,982	8,469
Operation and Maintenance of Plant	406,911	435,454	431,366	425,558
Pupil transportation	49,361	5,238	11,777	9,412
Central	7,000	12,000	12,000	12,000
Community services	35,088	3,401	16,383	-
Extracurricular Activities	<u>253,225</u>	<u>314,563</u>	<u>311,563</u>	<u>392,610</u>
Total Governmental Activities	4,076,464	1,412,658	1,793,694	1,671,947
Business – Type Activities:				
Food service	424,064	443,312	463,728	480,630
Uniform school supplies	166,435	171,497	169,299	210,483
Adult education	<u>3,840</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Total Business – Type Activities	<u>594,339</u>	<u>616,809</u>	<u>633,027</u>	<u>691,113</u>
Total Primary Government Program Revenues	<u>\$ 4,670,803</u>	<u>\$ 2,029,467</u>	<u>\$ 2,426,721</u>	<u>\$ 2,363,060</u>

West Geauga Local School District

Fund Balances, Governmental Funds – Last Ten Fiscal Years

June 30, 2006

Table 4

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund:										
Reserved	\$ -	\$ 1,512,668	\$ 1,546,728	\$ 1,572,908	\$ 1,269,308	\$ 915,547	\$ 1,222,531	\$ 1,542,114	\$ 5,608,433	\$ 2,598,257
Unreserved (Deficit)	<u>1,615,869</u>	<u>(194,170)</u>	<u>(419,761)</u>	<u>109,096</u>	<u>(133,876)</u>	<u>(761,602)</u>	<u>(1,544,498)</u>	<u>(1,454,105)</u>	<u>(325,413)</u>	<u>677,955</u>
Total General Fund	<u>1,615,869</u>	<u>1,318,498</u>	<u>1,126,967</u>	<u>1,682,004</u>	<u>1,135,432</u>	<u>153,945</u>	<u>(321,967)</u>	<u>88,099</u>	<u>5,283,020</u>	<u>3,276,212</u>
All Other Governmental Funds:										
Reserved	230,538	934,776	713,069	1,016,130	771,279	1,345,910	1,543,983	897,784	3,575,172	3,666,748
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	346,339	238,210	205,342	246,986	308,020	211,839	145,856	185,918	124,912	186,942
Capital Projects Funds	<u>1,607,914</u>	<u>892,181</u>	<u>909,162</u>	<u>114,064</u>	<u>187,510</u>	<u>370,269</u>	<u>241,367</u>	<u>114,002</u>	<u>223,008</u>	<u>186,230</u>
Total All Other Governmental Funds	<u>2,184,791</u>	<u>2,065,167</u>	<u>1,827,573</u>	<u>1,377,180</u>	<u>1,266,809</u>	<u>1,928,018</u>	<u>1,931,206</u>	<u>1,197,704</u>	<u>3,923,092</u>	<u>4,039,920</u>
Total Governmental Funds	<u>\$ 3,800,660</u>	<u>\$ 3,383,665</u>	<u>\$ 2,954,540</u>	<u>\$ 3,059,184</u>	<u>\$ 2,402,241</u>	<u>\$ 2,081,963</u>	<u>\$ 1,609,239</u>	<u>\$ 1,285,713</u>	<u>\$ 9,206,112</u>	<u>\$ 7,316,132</u>

West Geauga Local School District

Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years

June 30, 2006

Table 5

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 11,361,698	\$ 11,636,926	\$ 11,631,598	\$ 13,369,709	\$ 14,531,836	\$ 13,754,881	\$ 13,015,191	\$ 16,412,828	\$ 21,457,011	\$ 14,841,150
Intergovernmental	4,866,294	5,518,834	5,573,640	5,971,627	6,209,962	6,312,409	7,144,536	7,298,979	7,484,715	7,749,341
Tuition and fees	809	8,875	28,799	30,146	25,955	28,643	1,993,399	9,987	48,474	109,702
Transportation fees	1,026	-	-	-	-	-	8,282	5,238	11,777	-
Earnings on investments	574,956	310,252	268,803	275,596	330,107	120,531	59,244	42,538	117,274	293,555
Extracurricular activities	173,341	151,525	257,183	297,691	285,669	351,558	333,599	402,083	395,234	373,647
Contributions and donations	-	-	39,787	56,427	101,418	-	-	-	-	-
Charges for services	-	-	14,723	16,812	24,851	-	-	-	-	-
Classroom materials and fees	11,713	-	-	-	-	-	-	18,204	21,095	-
Rentals	-	-	22,228	11,916	16,480	-	-	-	-	-
Miscellaneous	109,639	-	58,461	29,512	37,465	167,316	201,843	108,775	125,441	143,496
Refund of prior year expenditures	40,510	-	-	-	-	14,001	54,272	17,218	153,489	287,072
Total Revenues	17,139,986	17,626,412	17,895,222	20,059,436	21,563,743	20,749,339	22,810,366	24,315,850	29,814,510	23,797,963
Expenditures										
Current:										
Instruction:										
Regular	8,509,347	7,530,464	7,312,412	7,675,697	7,957,835	8,568,229	8,807,196	9,224,754	9,660,731	9,810,466
Special	584,349	688,995	1,277,072	1,158,662	1,462,611	1,499,810	1,699,336	2,148,161	2,290,299	2,540,051
Vocational	117,709	123,647	128,420	276,151	333,248	210,065	255,184	336,620	374,643	196,594
Other	400,084	488,820	-	-	-	147,317	328,953	546,664	322,298	391,716
Support Services:										
Pupil	914,591	954,689	968,874	1,103,886	1,445,722	1,489,124	1,655,603	1,771,572	1,721,167	1,817,375
Instructional staff	596,350	621,998	472,815	578,159	742,306	808,079	751,703	782,377	818,954	857,253
Board of education	38,182	49,905	43,823	27,701	60,929	41,356	38,617	40,868	31,984	34,315
Administration	1,251,988	1,263,971	1,392,730	1,608,508	2,055,134	1,789,320	1,840,156	1,633,792	1,643,107	1,711,426
Fiscal	467,248	320,085	324,791	428,941	462,425	506,482	503,578	570,535	585,373	744,869
Business	117,590	105,022	63,696	55,095	130,595	145,290	168,347	162,249	167,507	191,854
Operation and Maintenance of plant:										
Pupil transportation	1,706,462	1,790,069	1,792,300	1,749,643	2,029,836	2,232,246	2,289,873	2,203,188	3,088,188	2,206,736
Central	1,124,090	1,083,192	1,045,813	1,144,946	1,194,197	1,539,042	1,536,060	1,697,636	1,665,844	1,888,445
Other	95,272	106,647	83,099	87,600	92,200	94,443	81,499	81,448	64,649	56,040
Operations of Non-Instructional Services:										
Food services	14,542	-	-	-	-	-	-	-	-	-
Community services	308,789	439,960	458,488	461,649	607,342	536,993	572,078	575,105	502,142	425,148
Extracurricular activities	494,201	528,937	579,119	605,902	688,894	746,504	676,093	760,813	747,934	748,321

Continued

West Geauga Local School District

Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years (continued)

June 30, 2006

Table 5

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Facilities acquisition and construction services	10,094,429	352,128	-	-	-	-	-	-	44,011	977,742
Capital outlay	-	-	240,034	841,580	792,195	-	-	-	-	-
Debt Service:										
Principal retirement	630,000	815,000	935,000	1,065,000	1,305,000	540,000	1,100,000	1,215,000	9,735,000	1,520,000
Interest and fiscal charges	1,251,168	1,216,442	1,192,343	1,122,504	1,162,207	1,007,329	962,491	884,484	777,563	754,886
Refund of prior year receipts	838	-	-	-	-	3,389	16,322	4,110	716	9,706
Total expenditures	<u>28,717,229</u>	<u>18,479,971</u>	<u>18,310,829</u>	<u>19,991,624</u>	<u>22,522,676</u>	<u>21,905,018</u>	<u>23,283,089</u>	<u>24,639,376</u>	<u>34,242,110</u>	<u>26,882,943</u>
Excess of revenues over (under) expenditures	<u>(11,577,243)</u>	<u>(849,533)</u>	<u>(415,607)</u>	<u>67,812</u>	<u>(958,933)</u>	<u>(1,155,679)</u>	<u>(472,723)</u>	<u>(323,526)</u>	<u>(4,427,600)</u>	<u>(3,084,980)</u>
Other financing sources (uses):										
Issuance of bonds	-	-	-	-	4,605,209	-	-	-	10,700,000	-
Issuance of lease purchase agreement	-	-	-	-	-	-	-	-	-	1,375,000
Issuance of notes	-	-	-	-	-	-	-	-	2,350,000	-
Payment to refunded bond escrow agent	-	-	-	-	(4,497,637)	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	94,451	192,000	-	-	-	-	-
Advances in	373,101	-	-	-	-	-	-	-	-	-
Transfers in	1,380,045	1,311,933	-	542,792	-	141,138	142,545	2,340,308	18,466	591
Advances out	(373,101)	-	-	-	-	-	-	-	-	-
Transfers out	<u>(1,417,426)</u>	<u>(1,343,245)</u>	<u>(50,000)</u>	<u>(602,792)</u>	<u>-</u>	<u>(141,138)</u>	<u>(145,545)</u>	<u>(2,340,308)</u>	<u>(188,466)</u>	<u>(180,591)</u>
Total other financing sources (uses)	<u>(37,381)</u>	<u>(31,312)</u>	<u>(50,000)</u>	<u>34,451</u>	<u>299,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,880,000</u>	<u>1,195,000</u>
Net change in fund balances	\$ <u>(11,614,624)</u>	\$ <u>(880,845)</u>	\$ <u>(465,607)</u>	\$ <u>102,263</u>	\$ <u>(659,361)</u>	\$ <u>(1,155,679)</u>	\$ <u>(472,723)</u>	\$ <u>(323,526)</u>	\$ <u>8,452,400</u>	\$ <u>(1,889,980)</u>
Debt Service as a percentage of noncapital expenditures	10.10%	11.21%	11.77%	11.42%	11.35%	7.06%	8.86%	8.52%	28.69%	8.78%

West Geauga Local School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

Table 6

Year	Real Property		Public Utility Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value ⁽¹⁾	Assessed Value	Estimated Actual Value ⁽¹⁾	Assessed Value	Estimated Actual Value ⁽¹⁾	Assessed Value	Estimated Actual Value	
2006	\$ 639,887,180	\$ 1,828,249,086	\$ 16,065,980	\$ 18,257,340	\$ 5,184,420	\$ 20,737,680	\$ 661,137,580	\$ 1,867,244,106	35.41%
2005	573,741,140	1,639,260,400	17,117,120	19,451,272	6,360,100	25,440,400	597,218,360	1,684,152,072	35.46%
2004	566,927,270	1,619,792,200	17,311,410	19,672,057	8,610,270	34,441,080	592,848,950	1,673,905,337	35.41%
2003	558,995,410	1,597,129,742	17,196,620	19,541,613	8,511,190	34,044,760	584,703,220	1,650,716,115	35.42%
2002	507,603,620	1,450,296,057	18,999,890	21,590,784	8,432,440	33,729,760	535,035,950	1,505,616,601	35.54%
2001	501,425,900	1,432,645,429	22,866,870	25,985,080	7,559,400	30,237,600	531,852,170	1,488,868,109	35.72%
2000	494,080,470	1,411,658,486	23,719,970	26,954,511	7,462,270	28,849,080	525,262,710	1,467,462,077	35.79%
1999	420,639,630	1,201,827,514	25,496,420	28,973,205	7,777,070	31,108,280	453,913,120	1,261,908,999	35.97%
1998	415,476,820	1,187,076,629	25,762,260	29,275,295	6,851,410	27,405,640	448,090,490	1,243,757,564	36.03%
1997	411,336,370	1,175,246,771	29,080,100	33,045,568	6,480,170	25,920,680	446,896,640	1,234,213,019	36.21%

Source: Geauga County Auditor. Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) This amount is calculated based on the following percentages:

Real Estate is assessed at 35 percent of actual value.

Public utility personal is assessed at 88 percent of actual value.

Tangible personal property is assessed at 25 percent of actual value.

West Geauga Local School District

Property Tax Rates – Direct and Overlapping Governments

Last Ten Years

Table 7

Year	School Levy	Recreation District	Russell Township	Library	County Levy	Total Levy	Debt Service Included in Total Levy		
							School	County	Total
2006	\$ 55.70	\$ 0.20	\$ 21.09	\$ 1.00	\$ 15.10	\$ 93.09	\$ 3.10	\$ 0.50	\$ 3.60
2005	53.25	0.20	21.09	1.00	15.10	90.64	3.55	0.30	3.85
2004	53.45	0.20	21.09	1.00	15.10	90.84	3.55	0.30	3.85
2003	50.00	0.20	21.09	1.00	14.60	86.89	3.55	0.30	3.85
2002	50.77	0.20	21.09	1.00	14.40	87.46	4.05	0.30	4.35
2001	50.77	0.20	20.15	1.00	13.40	85.52	4.05	0.30	4.35
2000	53.24	0.20	20.15	1.00	12.65	87.24	4.05	0.30	4.35
1999	50.30	0.20	20.15	1.00	12.45	84.10	4.05	0.30	4.35
1998	50.30	0.20	20.15	1.00	12.45	84.10	4.05	0.30	4.35
1997	50.30	0.20	20.15	1.00	12.45	84.10	4.05	0.30	4.35

Source: Geauga County Auditor. Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

West Geauga Local School District

Property Tax Levies and Collections – Real and Tangible Personal Property ⁽¹⁾

Last Ten Years

Table 8

<u>Year⁽²⁾</u>	<u>Current Levy</u>	<u>Delinquent Levy⁽³⁾</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Current Levy</u>
2005	\$ 19,069,597	\$ 733,130	\$ 19,802,727	\$ 18,578,759	97.42%	\$ 543,808	\$ 19,122,567	100.27%
2004	18,987,484	737,347	19,724,831	18,518,737	97.54%	504,130	19,022,867	100.19%
2003	16,700,725	514,487	17,215,212	16,262,840	97.37%	293,960	16,556,800	99.13%
2002	15,769,050	484,802	16,253,852	15,477,378	98.17%	295,452	15,774,830	100.04%
2001	15,776,428	518,965	16,295,393	15,535,593	98.35%	267,483	15,803,076	100.04%
2000	16,877,420	481,787	17,359,207	16,565,053	98.15%	271,805	16,836,858	99.76%
1999	13,375,368	410,467	13,785,835	13,159,668	98.39%	203,549	13,363,217	99.91%
1998	12,860,499	447,441	13,307,940	12,684,228	98.63%	248,945	12,933,173	100.57%
1997	12,867,917	472,056	13,339,973	12,658,026	98.37%	251,248	12,909,274	100.32%
1996	12,038,930	431,117	12,470,047	11,828,361	98.25%	203,844	12,032,205	99.94%

Source: Geauga County Auditor. Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2006 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

West Geauga Local School District

Principal Taxpayers: Real Estate Tax

As of December 31, 2005 and December 31, 1999

Table 9

<u>Name of Taxpayer</u>	December 31, 2005	
	Assessed Value (1)	Percent of Total Assessed Value
Petronzio Management	\$ 1,801,610	0.29%
Consolidated Investment	1,621,010	0.26%
Lucia S. Nash	1,407,290	0.22%
West Geauga Plaza LLC	1,396,500	0.22%
Angelo and Anna Cianci	1,259,940	0.20%
TGUJ Ltd.	1,234,580	0.20%
Pitorak L. Coenen	1,018,020	0.16%
Robert J. Vadas	969,720	0.16%
David Paul Miller	962,220	0.15%
GBC Real Estate	944,130	0.15%
Total	\$ <u>12,615,020</u>	<u>2.01%</u>

<u>Name of Taxpayer</u>	December 31, 1999	
	Assessed Value (2)	Percent of Total Assessed Value
Petronzio Management	\$ 1,542,040	0.31%
Consolidated Investment	1,323,010	0.27%
West Geauga Plaza LLC	1,312,510	0.27%
Lucia S. Nash	1,280,070	0.26%
Leigh A. Bennett	831,260	0.17%
John R. Fairfield	708,270	0.14%
Larry J. Pitorak	653,110	0.13%
Edward S. Rosenthal	553,810	0.11%
Phillip D. Ashkettle	549,500	0.11%
Orchard Hills Golf Club	544,680	0.11%
Total	\$ <u>9,298,260</u>	<u>1.83%</u>

Source: Geauga County Auditor
 (1) Assessed values are for the 2006 collection year.
 (2) Assessed values are for the 2000 collection year.

Note: Information prior to 1999 was not available.

West Geauga Local School District

Principal Taxpayers: Tangible Personal Property Tax

As of December 31, 2005 and December 31, 1999

Table 10

<u>Name of Taxpayer</u>	<u>December 31, 2005</u>	
	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Riser Foods Co.	\$ 836,740	12.11%
Truline Industries, Inc.	628,520	9.10%
Channel Products, Inc.	610,350	8.83%
Parnanos LP	566,440	8.20%
Discount Drug Mart, Inc.	320,020	4.63%
Admar Distributing Company, Inc.	223,650	3.24%
General Bookbinding Company	195,780	2.84%
CVS Ohio LLC	189,960	2.75%
Freedom Excavating LLC	181,910	2.64%
JGB Distributing, Inc.	155,070	2.25%
Total	<u>\$ 3,908,440</u>	<u>56.59%</u>

<u>Name of Taxpayer</u>	<u>December 31, 1999</u>	
	<u>Assessed Value (2)</u>	<u>Percent of Total Assessed Value</u>
Truline Industries, Inc.	\$ 499,830	6.70%
Channel Products, Inc.	440,000	5.90%
Discount Drug Mart, Inc.	275,930	3.70%
Timothy A. Bacon Company	251,280	3.37%
Admar Distributing Company, Inc.	208,110	2.79%
Revco Discount Drug Center, Inc.	202,930	2.72%
General Bookbinding Company	200,460	2.69%
Parnanos LP	183,110	2.45%
OCI Leasing, Inc.	155,140	2.08%
Bloom Brother Supply, Inc.	134,900	1.81%
Total	<u>\$ 2,551,690</u>	<u>34.21%</u>

Source: Geauga County Auditor
 (1) Assessed values are for the 2006 collection year.
 (2) Assessed values are for the 2000 collection year.

Note: Information prior to 1999 was not available.

West Geauga Local School District

Principal Taxpayers: Public Utilities Tax

As of December 31, 2005 and December 31, 1999

Table 11

<u>Name of Taxpayer</u>	<u>December 31, 2005</u>	
	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 10,263,740	63.89%
American Transmission	2,071,230	12.90%
Ohio Bell Telephone	1,418,650	8.83%
Western Reserve Telephone Company	850,140	5.30%
Dominion East Ohio Gas Company	803,300	4.00%
Total	\$ <u>15,407,060</u>	<u>95.92%</u>

<u>Name of Taxpayer</u>	<u>December 31, 1999</u>	
	<u>Assessed Value (2)</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 16,870,510	71.13%
East Ohio Gas Company	2,429,090	10.24%
Ohio Bell Telephone Company	2,308,670	9.73%
Western Reserve Telephone Company	1,033,970	4.36%
GTE North, Inc.	550,310	2.32%
Total	\$ <u>23,192,550</u>	<u>97.78%</u>

Source: Geauga County Auditor
 (1) Assessed values are for the 2006 collection year.
 (2) Assessed values are for the 2000 collection year.

Note: Information prior to 1999 was not available.

West Geauga Local School District

Computation of Direct and Overlapping Debt

June 30, 2006

Table 12

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District ⁽¹⁾</u>	<u>Amount Applicable to School District</u>
Direct:			
West Geauga Local School District	\$ <u>13,890,000</u>	100.00%	\$ <u>13,890,000</u>
Overlapping:			
Geauga County	<u>11,351,378</u>	21.75%	<u>2,468,925</u>
Total	\$ <u><u>25,241,378</u></u>		\$ <u><u>16,358,925</u></u>

Source: Geauga County Auditor.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2006 collection year.

West Geauga Local School District

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Table 13

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Energy Conservation Bonds	Tax Anticipation Notes	Lease Purchase Agreements			
2006	\$ 13,890,000	\$ -	\$ 2,350,000	\$ 1,375,000	\$ 17,615,000	4.00 %	\$ 1,045.96
2005	15,410,000	-	2,350,000	-	17,760,000	4.03 %	1,054.57
2004	14,365,000	80,000	-	-	14,445,000	3.28 %	857.73
2003	15,500,000	160,000	-	-	15,660,000	3.55 %	929.87
2002	16,520,000	240,000	-	-	16,760,000	3.80 %	995.19
2001	16,980,000	320,000	-	-	17,300,000	3.93 %	1,027.25
2000	18,220,000	400,000	-	-	18,620,000	4.13 %	1,105.64
1999	19,205,000	480,000	-	-	19,685,000	NA	1,117.70
1998	20,060,000	560,000	-	-	20,620,000	NA	1,182.48
1997	20,795,000	640,000	-	-	21,435,000	NA	1,240.95

NA – Information not available.

West Geauga Local School District

Computation of Legal Debt Margin

June 30, 2006

Table 14

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006⁽²⁾</u>
Assessed Valuation	\$ <u>446,896,640</u>	\$ <u>448,090,490</u>	\$ <u>453,913,120</u>	\$ <u>525,262,710</u>	\$ <u>531,852,170</u>	\$ <u>535,035,950</u>	\$ <u>584,703,220</u>	\$ <u>592,848,950</u>	\$ <u>597,218,360</u>	\$ <u>652,866,460</u>
Debt Limit – 9% of Assessed Value	\$ <u>40,220,698</u>	\$ <u>40,328,144</u>	\$ <u>40,852,181</u>	\$ <u>47,273,644</u>	\$ <u>47,866,695</u>	\$ <u>48,153,235</u>	\$ <u>52,623,290</u>	\$ <u>53,356,405</u>	\$ <u>53,749,652</u>	\$ <u>58,757,981</u>
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	20,795,000	20,060,000	19,205,000	18,220,000	16,980,000	16,520,000	15,500,000	14,365,000	15,410,000	13,890,000
Energy Conservation Bonds	640,000	560,000	480,000	400,000	320,000	240,000	160,000	80,000	-	-
Less: Amount Available in Debt Service Fund	<u>(230,538)</u>	<u>(599,800)</u>	<u>(369,361)</u>	<u>(746,935)</u>	<u>(613,971)</u>	<u>(1,248,986)</u>	<u>(1,419,098)</u>	<u>(793,947)</u>	<u>(2,128,389)</u>	<u>(1,850,260)</u>
Total Amount of Debt Subject to the Limit	<u>21,204,462</u>	<u>20,020,200</u>	<u>19,315,639</u>	<u>17,873,065</u>	<u>16,686,029</u>	<u>15,511,014</u>	<u>14,240,902</u>	<u>13,651,053</u>	<u>13,281,611</u>	<u>12,039,740</u>
Exemptions:										
Energy Conservation Bonds	<u>640,000</u>	<u>560,000</u>	<u>480,000</u>	<u>400,000</u>	<u>320,000</u>	<u>240,000</u>	<u>160,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Amount of Debt Subject to the limit	<u>20,564,462</u>	<u>19,460,200</u>	<u>18,835,639</u>	<u>17,473,065</u>	<u>16,366,029</u>	<u>15,271,014</u>	<u>14,080,902</u>	<u>13,571,053</u>	<u>13,281,611</u>	<u>12,039,740</u>
Overall Debt Margin	\$ <u>19,656,236</u>	\$ <u>20,867,944</u>	\$ <u>22,016,812</u>	\$ <u>29,800,579</u>	\$ <u>31,500,666</u>	\$ <u>32,882,221</u>	\$ <u>38,542,388</u>	\$ <u>39,785,352</u>	\$ <u>40,468,041</u>	\$ <u>46,718,241</u>
Debt Limit – .10% of Assessed Value ⁽¹⁾	\$ <u>446,897</u>	\$ <u>448,090</u>	\$ <u>453,913</u>	\$ <u>525,263</u>	\$ <u>531,852</u>	\$ <u>535,036</u>	\$ <u>584,703</u>	\$ <u>592,849</u>	\$ <u>597,218</u>	\$ <u>652,866</u>
Amount of Debt Applicable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Debt Margin	\$ <u>446,897</u>	\$ <u>448,090</u>	\$ <u>453,913</u>	\$ <u>525,263</u>	\$ <u>531,852</u>	\$ <u>535,036</u>	\$ <u>584,703</u>	\$ <u>592,849</u>	\$ <u>597,218</u>	\$ <u>652,755</u>
Additional limit for Unvoted Energy Conservation Bonds:										
Debt limit - .9% of Assessed valuation	\$ <u>4,022,070</u>	\$ <u>4,032,814</u>	\$ <u>4,085,218</u>	\$ <u>4,727,364</u>	\$ <u>4,786,670</u>	\$ <u>4,815,324</u>	\$ <u>5,262,328</u>	\$ <u>5,335,640</u>	\$ <u>5,374,965</u>	\$ <u>5,875,798</u>
Energy conservation Bonds	<u>640,000</u>	<u>560,000</u>	<u>480,000</u>	<u>400,000</u>	<u>320,000</u>	<u>240,000</u>	<u>160,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Additional unvoted debt margin	\$ <u>3,382,070</u>	\$ <u>3,472,814</u>	\$ <u>3,605,218</u>	\$ <u>4,327,364</u>	\$ <u>4,466,670</u>	\$ <u>4,575,324</u>	\$ <u>5,102,328</u>	\$ <u>5,255,640</u>	\$ <u>5,374,965</u>	\$ <u>5,875,798</u>

Source: Geauga County Auditor and School District Financial Records

(1) Ohio Bond law sets an overall limit of 9% for total debt and 1/10 of 1% for unvoted debt.

(2) Assessed valuation does not equal the assessed value in Table 6 due General Tangible Personal Property Values no longer being included in calculation of legal debt margin.

West Geauga Local School District

Ratio of Net General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita

Last Ten Fiscal Years

Table 15

<u>Year</u>	<u>Net General Obligation Bonded Debt⁽¹⁾</u>	<u>Assessed Value⁽²⁾</u>	<u>Population⁽³⁾</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2006	\$ 12,039,740	\$ 652,866,460	16,841	1.84%	\$ 714.91
2005	13,281,611	597,218,360	16,841	2.22%	788.65
2004	13,651,053	592,848,950	16,841	2.30%	810.58
2003	14,240,902	584,703,220	16,841	2.43%	845.60
2002	15,511,014	535,035,950	16,841	2.90%	921.03
2001	16,686,029	531,852,170	16,841	3.14%	990.80
2000	17,873,065	525,262,710	16,841	3.40%	1,061.28
1999	19,315,369	453,913,120	17,612	4.26%	1,096.69
1998	20,020,200	448,090,490	17,438	4.47%	1,148.08
1997	21,204,462	446,896,640	17,273	4.74%	1,227.61

Sources: (1) School District Records
 (2) Geauga County Auditor. The assessed value for 2006 does not equal the assessed value in Table 6, see explanation at Table 14.
 (3) U.S. Census Data

West Geauga Local School District

Demographic Statistics

Last Ten Fiscal Years

Table 16

<u>Year</u>	<u>Geauga County Population ¹</u>	<u>West Geauga LSD Area Population ²</u>	<u>West Geauga LSD Area Personal Income</u>	<u>West Geauga LSD Area Personal Income Per Capita ³</u>	<u>Geauga County School Enrollment ⁴</u>	<u>Unemployment Rate ⁵</u>
2006	95,218	16,841	\$ 440,695,288	\$ 26,168	2,485	4.20%
2005	94,602	16,841	440,695,288	26,168	2,517	4.20%
2004	93,941	16,841	440,695,288	26,168	2,530	3.70%
2003	92,980	16,841	440,695,288	26,168	2,650	3.70%
2002	92,180	16,841	440,695,288	26,168	2,552	3.60%
2001	90,895	16,841	440,695,288	26,168	2,523	2.70%
2000	89,598	16,841	440,695,288	26,168	2,423	2.80%
1999	87,913	17,612	NA	NA	2,377	3.00%
1998	86,054	17,438	NA	NA	2,422	3.50%
1997	86,054	17,273	NA	NA	2,456	3.60%

Sources:

¹ Estimated Figure from U.S. Census Bureau

² U.S. Census data.

³ U.S. Census data. Information presented is for Chesterland. Information for the townships of Munson and Russell and Hunting Valley Village were not available.

⁴ School District Records

⁵ Ohio Bureau of Employment Services, as of August 2006

NA – Information not available.

West Geauga Local School District

Principal Employers

June 30, 2006 ⁽¹⁾

Table 17

<u>Employer</u>	<u>Nature of Business</u>	<u>2006</u> <u>Number of</u> <u>Employees</u>
West Geauga Local Schools	School district	290
Giant Eagle	Grocery retailer	115
ICI Binding	Book binding manufacturer	104
Discount Drug Mart	Retail / RX	88
Bremec Greenhouse ⁽²⁾	Greenhouse / Retailer	70
McDonald's Restaurant	Restaurant	62
Chester Township	Government	48
Chesterland Urgent Care	Health Care	40
St. Anselm School	School	36
Chesterland Post Office	Government	<u>25</u>
Total		<u><u>878</u></u>
Total Employment within the School District		<u><u>NA</u></u>

Source: Chesterland Chamber of Commerce. Information for Russell and Munson Townships and Hunting Valley Village was not available

(1) Information prior to 2006 is not available.

(2) Information includes seasonal employees.

NA – Information not available.

West Geauga Local School District

Building Statistics by Function/Program

June 30, 2006

Table 18

Lindsey Elementary School		Westwood Elementary School	
Constructed in 1965 with an addition in 1969 & 1996		Constructed in 1959 with an addition in 1960 & 1996	
Total Building Square Footage	58,106	Total Building Square Footage	60,400
Enrollment Grades K-5	476	Enrollment Grades K-5	431
Student Capacity	534	Student Capacity	575
Regular Instruction Classrooms	27	Regular Instruction Classrooms	26
* Regular Instruction Teachers	30	* Regular Instruction Teachers	29
Special Instruction Teachers	4	Special Instruction Teachers	4
 West Geauga Middle School		 West Geauga High School	
Constructed in 1962 with additions in 1963, 1964, & 1996		Constructed in 1954 with additions in 1956, 1958, 1961, 1966, 1969, & 1996	
Total Building Square Footage	113,416	Total Building Square Footage	162,520
Enrollment Grades 6-8	656	Enrollment Grades 9-12	925
Student Capacity	727	Student Capacity	1,003
Regular Instruction Classrooms	57	Regular Instruction Classrooms	61
* Regular Instruction Teachers	36	* Regular Instruction Teachers	50
Special Instruction Teachers	5	Special Instruction Teachers	2

Source: Treasurers Office of West Geauga Local School District.

* - Number of teachers includes guidance offices, psychologists, vocational education, music, art, High School Physical Education, library, tutors, and nurses

West Geauga Local School District

Per Pupil Cost

Last Ten Fiscal Years

Table 19

<u>Year</u>	<u>Government wide Expenditures (1)</u>	<u>Average Daily Student Enrollment (2)</u>	<u>Per Pupil Cost</u>	<u>Percentage Change</u>	<u>Teaching Staff (3)</u>	<u>Pupil/Teacher Ratio</u>	<u>Students Receiving Reduced or No Cost Lunches</u>	<u>% of Students Receiving Reduced or No Cost Lunches</u>
2006	\$ 25,553,523	2,485	\$ 10,283	25.16 %	161	15.43	119	4.79 %
2005	20,678,742	2,517	8,216	1.97	160	15.73	105	4.17
2004	20,383,573	2,530	8,057	10.58	167	15.15	86	3.40
2003	19,307,154	2,650	7,286	1.03	168	15.77	80	3.02
2002	18,404,284	2,552	7,212	0.64	173	14.75	73	2.86
2001	18,080,199	2,523	7,166	9.05	193	13.07	59	2.34
2000	15,921,072	2,423	6,571	3.69	172	14.09	51	2.10
1999	15,063,888	2,377	6,337	2.81	NA	NA	68	2.86
1998	14,928,331	2,422	6,164	3.16	NA	NA	NA	NA
1997	14,675,751	2,456	5,975	1.70	NA	NA	NA	NA

Source: School District Records

(1) Note: Years 1997 – 2005, are presented based on General Funds Expenditures, the remaining years are based on government wide expenditures.

(2) Based upon EMIS information provided to the Ohio Department of Education.

(3) Information obtained from Table 20.

NA – Information not available.

West Geauga Local School District

Teacher Education

June 30, 2006

Table 20

<u>Degree</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bachelor's Degree	31	40	21	15	17	14	19
150 Hours	23	23	20	21	12	8	6
Bachelor + 15	16	31	32	27	17	20	18
Master's Degree	52	54	50	47	49	45	46
Master + 15	19	19	24	29	37	34	38
Master + 30	31	26	26	22	16	20	16
Master + 45	-	-	-	3	10	9	9
PhD	-	-	-	1	-	-	-
National Board Certified	-	-	-	3	9	10	10
Total	<u>172</u>	<u>193</u>	<u>173</u>	<u>168</u>	<u>167</u>	<u>160</u>	<u>161</u>

Source: School District Personnel Records. Information prior to 2000 was not available.

West Geauga Local School District

School District Employees by Function/Program

Last Two Fiscal Years

Table 21

Function/Program	2006	2005
Regular Instruction		
Elementary Classroom Teachers	46	48
Middle School Classroom Teachers	34	36
High School Classroom Teachers	47	47
Special Instruction		
Elementary Classroom Teachers	9	8
Gifted Education Teachers	6	5
Middle School Classroom Teachers	4	4
High School Classroom Teachers	1	1
Tutors	4	3
Vocational Instruction		
High School Classroom Teachers	1	2
Pupil Support Services		
Guidance Counselors	5	6
Nurses	2	3
Admin - Psychologists	2	2
Speech and Language Pathologists	1	2
Non-Teaching Support Staff Elementary	11	11
Non-Teaching Support Staff Middle School	3	3
Non-Teaching Support Staff High School	3	3
Admin – Central (contract)	1	1
Instructional Support Service		
Librarians	1	1
Non-Teaching Support Staff Elementary	2	2
Non-Teaching Support Staff High School	1	1
Admin – Central	1	1
Administration		
Admin – Elementary	2	2
Admin – Middle School	2	2
Admin – High School	2	2
Staff – Central	6	7
Admin – Central	1	1
Fiscal		
Staff – Central	3	3
Admin – Central	1	1
Business		
Staff – Central	1	1
Admin – Central (contract)	1	1

Continued

West Geauga Local School District

School District Employees by Function/Program (continued)

Last Two Fiscal Years

Table 21

Function/Program	<u>2006</u>	<u>2005</u>
Operation of Plant		
Custodial Department	17	19
Maintenance Department	3	3
Admin – Central	1	1
Support Services – Transportation		
Bus Drivers	35	35
Bus Aides	1	1
Mechanics	2	2
Admin – Central	1	1
Support Services – Central		
Admin – Central	1	1
Food Service Program		
Elementary	3	3
Middle School	3	3
High School Cooks	10	11
Admin – Central (contract)	1	1
Extracurricular		
Athletic Department	<u>1</u>	<u>1</u>
Totals	<u>283</u>	<u>244</u>

Note: Positions are not reported as full time equivalents (FTEs).

Source: Treasurer’s Office, West Geauga Local School District

**West Geauga Local School District
Gauga County, Ohio**

Single Audit Reports

June 30, 2006

West Geauga Local School District

For The Year Ended June 30, 2006

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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***

Board of Education
West Geauga Local School District
Chesterland, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Geauga Local School District, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2006, wherein we noted that the District adopted *Government Accounting Standards Board Statement No. 42, 44, 46, and 47*. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the West Geauga Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Education
West Geauga Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Geauga Local School District'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-1 and 2006-2.

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 8, 2006

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Board of Education
West Geauga Local School District
Chesterland, Ohio

Compliance

We have audited the compliance of the West Geauga Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The West Geauga Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the West Geauga Local School District's management. Our responsibility is to express an opinion on the West Geauga Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the West Geauga Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the West Geauga Local School District's compliance with those requirements.

In our opinion, the West Geauga Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

Internal Control over Compliance

The management of the West Geauga Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the West Geauga Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Geauga Local School District as of and for the year ended June 30, 2006, and have issued our report there on dated December 8, 2006, wherein we noted that the District adopted *Government Accounting Standards Board Statement No. 42, 44, 46, and 47*. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the West Geauga Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Cini & Panichi, Inc.

Cleveland, Ohio
December 8, 2006

West Geauga Local School District

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disburse- ments	Non-Cash Disburse- ments
U.S. Department of Agriculture:						
Passed-Through Ohio Department of Education:						
Food Distribution	10.550	N/A	\$ -	\$ 12,755	\$ -	\$ 12,755
School Lunch Program	10.555	LL-P4-2005	6,846	-	6,846	-
School Lunch Program	10.555	LL-P4-2006	34,157	-	34,157	-
Total National School Lunch Program			41,003	-	41,003	-
Total U.S. Department of Agriculture			41,003	12,755	41,003	12,755
U.S. Department of Education:						
Passed-Through Ohio Department of Education:						
IDEA Part B	84.027	6B-SD-2005	2,818	-	10,621	-
IDEA Part B	84.027	6B-SD-2006	27,959	-	25,661	-
IDEA Part B	84.027	6B-SF-2005	121,784	-	107,537	-
IDEA Part B	84.027	6B-SF-2006	563,950	-	573,523	-
Total IDEA Part B & Access Grant			716,511	-	717,342	-
Drug-Free Schools Grant	84.186	DR-S1-2005	3,457	-	3,457	-
Drug-Free Schools Grant	84.186	DR-S1-2006	4,688	-	4,688	-
Total Drug-Free Schools Grant			8,145	-	8,145	-
Innovative Education Program Strategy	84.298	C2-S1-2005	5,762	-	4,012	-
Innovative Education Program Strategy	84.298	C2-S1-2006	8,075	-	8,075	-
Total Innovative Education Program Strategy			13,837	-	12,087	-
Title II-A	84.367	TR-S1-2005	14,522	-	10,820	-
Title II-A	84.367	TR-S1-2006	42,902	-	42,902	-
Total Title II-A			57,424	-	53,722	-
Total U.S. Department of Education			795,917	-	791,296	-
Total Expenditures of Federal Awards			\$ 836,920	\$ 12,755	\$ 832,299	\$ 12,755

The accompanying notes are an integral part of this schedule

West Geauga Local School District

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2006

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Non-Cash Support

The District receives non-cash support in the form of food subsidies from the National School Lunch Program (“NSLP”), CFDA 10.550. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

CFDA – Catalog of Federal Domestic Assistance

West Geauga Local School District

Schedule Of Findings

OMB Circular A-133 Section .505

June 30, 2006

1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	IDEA Part B CFDA No. 84.027
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

West Geauga Local School District

Schedule Of Findings (continued)
 OMB Circular A-133 Section .505

June 30, 2006

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Findings	Findings Summary														
2006-1	<p>Per ORC Section 5705.39, total appropriations from each fund shall not exceed the total estimated revenue. The following funds had final appropriations plus encumbrances in excess estimated resources plus carryover encumbrances:</p> <table data-bbox="331 709 1279 926"> <tr> <td>Ohio Reads Special Revenue Fund</td> <td style="text-align: right;">\$ 946</td> </tr> <tr> <td>Student Intervention Special Revenue Fund</td> <td style="text-align: right;">511</td> </tr> <tr> <td>Disability Access Grant Special Revenue Fund</td> <td style="text-align: right;">2,827</td> </tr> <tr> <td>Title VI-B Special Revenue Fund</td> <td style="text-align: right;">110,190</td> </tr> <tr> <td>Title V Special Revenue Fund</td> <td style="text-align: right;">2,310</td> </tr> <tr> <td>Drug Free Schools Grant Special Revenue Fund</td> <td style="text-align: right;">3,457</td> </tr> <tr> <td>Classroom Reduction Special Revenue Fund</td> <td style="text-align: right;">5,150</td> </tr> </table>	Ohio Reads Special Revenue Fund	\$ 946	Student Intervention Special Revenue Fund	511	Disability Access Grant Special Revenue Fund	2,827	Title VI-B Special Revenue Fund	110,190	Title V Special Revenue Fund	2,310	Drug Free Schools Grant Special Revenue Fund	3,457	Classroom Reduction Special Revenue Fund	5,150
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Title V Special Revenue Fund	2,310														
Drug Free Schools Grant Special Revenue Fund	3,457														
Classroom Reduction Special Revenue Fund	5,150														
2006-2	<p>Per ORC Section 5705.41 (B), no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds had expenditures plus encumbrances in excess of final appropriations:</p> <table data-bbox="331 1115 1279 1150"> <tr> <td>Disability Access Grant Special Revenue Fund</td> <td style="text-align: right;">\$ 4,393</td> </tr> </table>	Disability Access Grant Special Revenue Fund	\$ 4,393												
Disability Access Grant Special Revenue Fund	\$ 4,393														

3. Findings For Federal Awards

There were no findings for federal awards to report in 2006.

West Geauga Local School District

Schedule Of Prior Audit Findings
OMB Circular A-133 Section .315(B)

June 30, 2006

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

Findings	Findings Summary	Fully Corrected	Explanation																														
2005-1	<p>Per ORC Section 5705.39, total appropriations from each fund shall not exceed the total estimated revenue. The following funds had original and final appropriations plus encumbrances in excess of estimated resources plus carryover balances:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>Original</u></th> <th style="text-align: right;"><u>Final</u></th> </tr> </thead> <tbody> <tr> <td>General Fund</td> <td style="text-align: right;">\$ 1,899,675</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Ohio Reads Special Revenue Fund</td> <td style="text-align: right;">-</td> <td style="text-align: right;">3,893</td> </tr> <tr> <td>Student Intervention Special Revenue Fund</td> <td style="text-align: right;">9,694</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Disability Access Grant Special Revenue Fund</td> <td style="text-align: right;">-</td> <td style="text-align: right;">2,833</td> </tr> <tr> <td>Title VI-B Special Revenue Fund</td> <td style="text-align: right;">235,631</td> <td style="text-align: right;">135,242</td> </tr> <tr> <td>Title VI Special Revenue Fund</td> <td style="text-align: right;">20,079</td> <td style="text-align: right;">4,685</td> </tr> <tr> <td>Classroom Reduction Special Revenue Fund</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5,506</td> </tr> <tr> <td>Permanent Improvement Capital Projects Fund</td> <td style="text-align: right;">460,035</td> <td style="text-align: right;">-</td> </tr> <tr> <td>SchoolNet Plus Capital Projects Fund</td> <td style="text-align: right;">2,500</td> <td style="text-align: right;">-</td> </tr> </tbody> </table>		<u>Original</u>	<u>Final</u>	General Fund	\$ 1,899,675	\$ -	Ohio Reads Special Revenue Fund	-	3,893	Student Intervention Special Revenue Fund	9,694	-	Disability Access Grant Special Revenue Fund	-	2,833	Title VI-B Special Revenue Fund	235,631	135,242	Title VI Special Revenue Fund	20,079	4,685	Classroom Reduction Special Revenue Fund	-	5,506	Permanent Improvement Capital Projects Fund	460,035	-	SchoolNet Plus Capital Projects Fund	2,500	-	No	See Schedule of findings
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West Geauga Local School District

8615 Cedar Road
Chesterland, Ohio 44026
(216) 729-5900

Response To Findings Associated With Audit Conducted In Accordance With *Government Auditing Standards*

June 30, 2006

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2006-1	Lisa Colling, Treasurer, will monitor actual expenditures more closely, to ensure they do not exceed the budgeted amounts.	Fiscal year 2007	Lisa Colling, Treasurer
2006-2	Lisa Colling, Treasurer, will monitor actual expenditures more closely, to ensure they do not exceed the budgeted amounts.	Fiscal year 2007	Lisa Colling, Treasurer



Mary Taylor, CPA
Auditor of State

WEST GEAUGA LOCAL SCHOOL DISTRICT
GEAUGA 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 6, 2007