

WOODRIDGE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

AUDIT REPORT

For the Year Ended June 30, 2006

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Board of Education
Woodridge Local School District
4411 Quick Road
Peninsula, Ohio 44264

We have reviewed the *Report of Independent Accountants* of the Woodridge Local School District, Summit County, prepared by Charles E. Harris & Associates, 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 Woodridge Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 4, 2007

This Page is Intentionally Left Blank.

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
AUDIT REPORT
For the Year Ended June 30, 2006**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1 - 2
Management's Discussion and Analysis	3 - 10
Statement of Net Assets	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	18
Statement of Fiduciary Net Assets – Agency Fund	19
Notes to the Basic Financial Statements	20 - 41
Schedule of Federal Awards Expenditures	42
Notes to the Schedule of Federal Awards Expenditures	43
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	44 - 45
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	46 - 47
Schedule of Findings and Questioned Costs	48 - 49
Schedule of Prior Audit Findings	50

This Page is Intentionally Left Blank.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Woodridge Local School District
Summit County
4411 Quick Road
Peninsula, Ohio 44264

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio, (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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio, as of June 30, 2006, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodridge Local School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information as 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.

Charles E. Harris & Associates, Inc.
January 22, 2007

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

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

Financial Highlights

Key financial highlights for 2006 are as follows:

- General revenues accounted for \$22,289,740 in revenue or 88.4 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and interest, and capital grants and contributions accounted for \$2,924,765 or 11.6 percent of total revenues of \$25,214,505.
- The School District had \$21,018,281 in expenses related to governmental activities; program revenues offset only \$2,924,765 of these expenses. \$22,283,840 of general revenues was adequate to provide for these programs resulting in an increase in net assets of \$4,196,224.
- Total expenses amounted to \$21.0 million, and expenses related to instruction amounted to \$11.3 million or 53.9 percent of this total.
- During the year a correction was made to depreciation due to a prior year error, which resulted in a restatement of net assets. Please refer to Note 18 for further information.
- At the end of the fiscal year, fund balance for the general fund was \$5,498,748 and the total fund balance increased by \$3,452,743.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Woodridge Local School District as a financial whole, an entire operating entity. The statements 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 School District, presenting both an aggregate view of the School 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 present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant fund with all other nonmajor funds presented in total in one column.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2006?" These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the School Districts' activities are considered to be all governmental activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental fund is the general fund.

Governmental Funds Most of the School 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 all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational 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 financial statements.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2006
 Unaudited

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2006 and 2005.

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Assets		
<i>Current and other assets</i>	\$ 26,028,583	\$ 21,457,237
<i>Capital assets, net of depreciation</i>	<u>15,405,407</u>	<u>14,040,445</u>
<i>Total assets</i>	<u>41,433,990</u>	<u>35,497,682</u>
Liabilities		
<i>Current and other liabilities</i>	19,217,603	17,914,979
<i>Long-term liabilities:</i>		
<i>Due within one year</i>	536,906	557,466
<i>Due in more than one year</i>	<u>16,246,035</u>	<u>15,783,656</u>
<i>Total liabilities</i>	<u>36,000,544</u>	<u>34,256,101</u>
Net Assets		
<i>Invested in capital assets, net of debt</i>	(564,784)	(1,608,214)
<i>Restricted</i>	657,052	1,000,227
<i>Unrestricted</i>	<u>5,345,537</u>	<u>1,849,568</u>
<i>Total net assets</i>	<u>\$ 5,437,805</u>	<u>\$ 1,241,581</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the School District's net assets increased \$4,196,224 from June 30, 2005.

The increase in net assets is largely reflected in the unrestricted net asset portion. This increase is related to the general fund activity and is comparable to the increase in the fund balance of the general fund. The increase is related to a significant increase in general fund property taxes and equity in pooled cash, both of which are the result of a new tax levy. The collections on the new tax levy have improved the cash flow of the general fund and have resulted in a significant decrease in intergovernmental payable as compared to the previous year.

A portion of the School District's net assets, \$657,052, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$591,117 is restricted for debt service payments, \$36,910 is restricted for capital projects, and \$29,025 is restricted for other purposes. The remaining balance of net assets of \$5,345,537 is unrestricted.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

Table 2 shows changes in net assets for fiscal year 2006 and 2005.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 1,485,468	\$ 1,485,468
Operating grants, contributions and interest	1,427,245	1,427,245
Capital grants and contributions	12,052	12,052
<i>General revenues:</i>		
Property taxes	18,500,225	16,426,002
Grants and entitlements	3,477,792	2,976,009
Investment earnings	204,064	94,748
Gain on sale of capital assets	5,900	-
Miscellaneous	101,759	65,741
Total revenues	<u>25,214,505</u>	<u>22,487,265</u>
Program Expenses		
<i>Instruction:</i>		
Regular	8,061,409	8,056,369
Special	2,502,139	2,279,467
Vocational	317,316	357,939
Other	457,325	359,042
<i>Support services:</i>		
Pupils	1,118,684	1,097,340
Instructional staff	679,689	659,056
Board of education	27,913	15,900
Administration	1,744,016	1,707,770
Fiscal	581,375	533,691
Business	10,828	20,246
Operation and maintenance of plant	1,492,225	1,463,634
Pupil transportation	1,278,998	1,179,000
Central	115,247	101,766
<i>Operation of non-instructional services:</i>		
Food service operations	629,915	625,825
Community services	10,658	14,176
Extracurricular activities	490,260	392,537
Interest and fiscal charges	1,500,284	1,181,160
Total expenses	<u>21,018,281</u>	<u>20,044,918</u>
Increase (decrease) in net assets	<u>\$ 4,196,224</u>	<u>\$ 2,442,347</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$18.5 million in 2006. General revenues from grants and entitlements, such as the school foundation program, generated over \$3.4 million. With the combination of taxes and intergovernmental funding 87.2 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction and interest and fiscal charges comprise 53.9 percent and 7.1 percent, respectively, of governmental program expenses. Interest expense was attributable to outstanding bonds and various lease payments for equipment.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements for fiscal year 2006 and 2005.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Program Expenses				
<i>Instruction:</i>				
Regular	\$ 8,061,409	\$ 8,056,369	\$ (6,626,275)	\$ (6,621,235)
Special	2,502,139	2,279,467	(2,071,200)	(1,848,528)
Vocational	317,316	357,939	(308,706)	(349,329)
Other	457,325	359,042	(457,325)	(359,042)
<i>Support services:</i>				
Pupils	1,118,684	1,097,340	(1,015,087)	(993,743)
Instructional staff	679,689	659,056	(565,077)	(544,444)
Board of education	27,913	15,900	(27,913)	(15,900)
Administration	1,744,016	1,707,770	(1,684,631)	(1,648,385)
Fiscal	581,375	533,691	(581,375)	(533,691)
Business	10,828	20,246	(10,628)	(20,046)
Operation and maintenance of plant	1,492,225	1,463,634	(1,492,225)	(1,463,634)
Pupil transportation	1,278,998	1,179,000	(1,247,929)	(1,147,931)
Central	115,247	101,766	(115,247)	(101,766)
<i>Operation of non-instructional services:</i>				
Food service operations	629,915	625,825	(22,782)	(18,692)
Community services	10,658	14,176	302	(3,216)
Extracurricular activities	490,260	392,537	(367,134)	(269,411)
Interest and fiscal charges	1,502,284	1,181,160	(1,500,284)	(1,181,160)
Total expenses	<u>\$ 21,020,281</u>	<u>\$ 20,044,918</u>	<u>\$ (18,093,516)</u>	<u>\$ (17,120,153)</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The School District's Funds

The School District's major fund is accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$25,045,177 and total expenditures were \$22,427,354. The increase of \$3,452,743 in the general fund's fund balance was significant. The increase was a result of an increase in property tax valuation and holding expenditure increases to a minimum.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During fiscal year 2006, the School District amended its general fund budget; however this amendment was not significant. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue, excluding other financing sources, estimate was \$19,841,445, which was higher than the original budget estimate of \$19,188,785. Much of this \$652,660 difference was due to estimates for property taxes, the amounts of which are unknown during the original budgeting process. This estimate must be adjusted during the year as the property tax relief amounts (homestead and rollbacks) are finalized. Later in the fiscal year, when this amount is known, it is removed from the tax estimate and included in the estimate for intergovernmental revenue.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$15,405,407 invested in land and construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared to fiscal year 2005.

Table 4
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>Restated</u> <u>2005</u>
<i>Land and construction in progress</i>	\$ 1,955,031	\$ 116,000
<i>Buildings and improvements</i>	12,276,088	12,646,103
<i>Furniture, fixtures and equipment</i>	824,481	863,222
<i>Vehicles</i>	349,807	415,120
<i>Total capital assets</i>	<u>\$ 15,405,407</u>	<u>\$ 14,040,445</u>

The most notable change occurred in land and construction in progress. This increase is the result of the acquisition of land and the stadium renovation in progress. See Note 7 to the basic financial statements for detail on the School District's capital assets.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Debt

At June 30, 2006 the School District had \$15,921,104 in bonds outstanding (including bond accretion) with \$387,755 due within one year. This balance reflected an increase of \$321,601 from the previous year’s balance of \$15,599,503. Table 5 summarizes the debt and capital lease outstanding:

*Table 5
Outstanding Debt and Capital Lease, at Fiscal Year End*

	<i>Governmental Activities <u>2006</u></i>	<i>Governmental Activities <u>2005</u></i>
<i>General obligation bonds</i>	\$ 15,896,580	\$ 15,551,590
<i>Energy conservation bonds</i>	24,524	47,913
<i>Capital leases</i>	49,087	49,156
<i>Total outstanding</i>	<u>\$ 15,970,191</u>	<u>\$ 15,648,659</u>

During fiscal year 2001, the School District issued \$8.2 million in bonds, the proceeds of which were used to refund bonds of the same amount but with a higher interest rate. See Notes 13 and 14 to the basic financial statements for the repayment schedules of the bonded debt and the capital leases.

Capital leases are to be repaid from the general and permanent improvements capital projects funds, and the bonds are to be repaid from the debt service fund. The School District has budgeted to meet all of the School District’s debt requirements.

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State’s educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong.

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational funding system, one that was neither ‘adequate’ nor ‘equitable’. Since 1997, the State has directed its additional financial support toward School Districts with little property tax wealth. In May 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not ‘equitable’ nor ‘adequate’. The court directed the Governor and the legislature to address the fundamental issue creating the inequities.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional financial information, contact Deanna Levenger, Treasurer, at Woodridge Local School District, 4411 Quick Road, Peninsula OH, 44264.

This page is intentionally left blank.

Woodridge Local School District
Statement of Net Assets
June 30, 2006

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 6,829,095
Inventory held for resale	17,410
Materials and supplies inventory	4,747
Accrued Interest Receivable	29,925
Receivables:	
Accounts	402,360
Intergovernmental	100,311
Taxes	18,616,760
Prepaid items	37,975
Capital assets:	
Land and construction in progress	1,955,031
Depreciable capital assets, net	13,450,376
Total capital assets	<u>15,405,407</u>
Total assets	<u>41,443,990</u>
<u>Liabilities:</u>	
Accounts payable	255,044
Accrued wages	1,357,281
Matured compensated absences payable	10,184
Intergovernmental payable	583,689
Accrued interest payable	145,520
Deferred revenue	16,865,885
Long-term liabilities:	
Due within one year	531,964
Due in more than one year	16,256,618
Total liabilities	<u>36,006,185</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	(564,784)
Restricted for:	
Capital projects	36,910
Debt service	591,117
Other purposes	29,025
Unrestricted	<u>5,345,537</u>
Total net assets	<u>\$ 5,437,805</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Interest		
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 8,061,409	\$ 899,869	\$ 535,265	\$ -	\$ (6,626,275)
Special	2,502,139	67,392	363,547	-	(2,071,200)
Vocational	317,316	8,610	-	-	(308,706)
Other	457,325	-	-	-	(457,325)
Support services:					
Pupils	1,118,684	27,017	76,580	-	(1,015,087)
Instructional staff	679,689	4,369	110,243	-	(565,077)
Board of education	27,913	-	-	-	(27,913)
Administration	1,744,016	-	59,385	-	(1,684,631)
Fiscal	581,375	-	-	-	(581,375)
Business	10,828	200	-	-	(10,628)
Operation and maintenance of plant	1,492,225	-	-	-	(1,492,225)
Pupil transportation	1,278,998	19,017	-	12,052	(1,247,929)
Central	115,247	-	-	-	(115,247)
Operation of non-instructional services:					
Food service operations	629,915	337,617	269,516	-	(22,782)
Community services	10,658	-	10,960	-	302
Extracurricular activities	490,260	121,377	1,749	-	(367,134)
Interest and fiscal charges	1,500,284	-	-	-	(1,500,284)
Total governmental activities	<u>\$ 21,018,281</u>	<u>\$ 1,485,468</u>	<u>\$ 1,427,245</u>	<u>\$ 12,052</u>	<u>(18,093,516)</u>
<u>General Revenues:</u>					
Property taxes levied for:					
General purposes					16,312,285
Debt service					1,732,910
Capital outlay					455,030
Grants and entitlements not restricted to specific programs					3,477,792
Investment earnings					204,064
Gain on sale of capital asset					5,900
Miscellaneous					101,759
Total general revenues					<u>22,289,740</u>
Change in net assets					4,196,224
Net assets beginning of year, restated (Note 18)					<u>1,241,581</u>
Net assets end of year					<u>\$ 5,437,805</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Balance Sheet
Governmental Funds
June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 5,157,593	\$ 1,277,457	\$ 6,435,050
Inventory held for resale	-	17,410	17,410
Materials and supplies inventory	-	4,747	4,747
Accrued Interest Receivable	29,925	-	29,925
<u>Receivables:</u>			
Accounts	40,553	361,807	402,360
Intergovernmental	-	100,311	100,311
Interfund	417,659	-	417,659
Taxes	16,664,055	1,952,705	18,616,760
Prepaid items	37,975	-	37,975
Equity in pooled cash and cash equivalents (restricted)	394,045	-	394,045
Total assets	<u>\$ 22,741,805</u>	<u>\$ 3,714,437</u>	<u>\$ 26,456,242</u>
<u>Liabilities and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 118,950	\$ 136,094	\$ 255,044
Accrued wages	1,176,896	180,385	1,357,281
Matured compensated absences payable	10,184	-	10,184
Interfund payable	-	417,659	417,659
Intergovernmental payable	543,428	40,261	583,689
Deferred revenue	15,393,599	2,155,275	17,548,874
Total liabilities	<u>17,243,057</u>	<u>2,929,674</u>	<u>20,172,731</u>
<u>Fund balances:</u>			
Reserved for encumbrances	600,406	364,920	965,326
Reserved for bus purchases	12,126	-	12,126
Reserved for textbooks/instructional material	381,919	-	381,919
<u>Unreserved,</u>			
<u>Undesignated, reported in:</u>			
General fund	4,504,297	-	4,504,297
Special revenue funds	-	(97,689)	(97,689)
Debt service fund	-	718,651	718,651
Capital projects funds	-	(201,119)	(201,119)
Total fund balances	<u>5,498,748</u>	<u>784,763</u>	<u>6,283,511</u>
Total liabilities and fund balances	<u>\$ 22,741,805</u>	<u>\$ 3,714,437</u>	<u>\$ 26,456,242</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006

Total governmental fund balances		\$ 6,283,511
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.		15,405,407
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 270,718	
Intergovernmental	12,472	
Accounts	399,799	
Total	<u>682,989</u>	682,989
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (14,736,653)	
Accretion on bonds	(1,159,927)	
Energy conservation notes	(24,524)	
Compensated absences	(818,391)	
Capital leases	(49,087)	
Accrued interest payable	(145,520)	
Total	<u>(16,934,102)</u>	(16,934,102)
Net assets of governmental activities		<u>\$ 5,437,805</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 16,501,003	\$ 2,021,960	\$ 18,522,963
Intergovernmental	2,563,674	1,914,085	4,477,759
Interest	304,310	34,638	338,948
Tuition and fees	892,794	69,671	962,465
Extracurricular activities	-	203,241	203,241
Gifts and donations	-	76,405	76,405
Customer services	-	361,487	361,487
Rent	150	-	150
Miscellaneous	98,487	3,272	101,759
Total revenues	<u>20,360,418</u>	<u>4,684,759</u>	<u>25,045,177</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,713,269	920,574	7,633,843
Special	2,077,762	398,193	2,475,955
Vocational	287,784	15,525	303,309
Other	373,633	82,633	456,266
Support services:			
Pupils	1,003,910	79,303	1,083,213
Instructional staff	495,638	183,906	679,544
Board of education	27,913	-	27,913
Administration	1,602,110	109,885	1,711,995
Fiscal	549,911	29,378	579,289
Business	-	10,828	10,828
Operation and maintenance of plant	1,451,939	29,564	1,481,503
Pupil transportation	1,143,758	58,776	1,202,534
Central	107,896	6,798	114,694
Operation of non-instructional services:			
Food service operations	-	592,251	592,251
Community services	-	10,658	10,658
Extracurricular activities	301,162	188,342	489,504
Capital outlay	699,173	1,220,528	1,919,701
Debt service:			
Principal retirement	51,912	400,200	452,112
Interest and fiscal charges	3,846	1,198,396	1,202,242
Total expenditures	<u>16,891,616</u>	<u>5,535,738</u>	<u>22,427,354</u>
Excess of revenues over (under) expenditures	<u>3,468,802</u>	<u>(850,979)</u>	<u>2,617,823</u>
<u>Other financing sources (uses):</u>			
Proceeds from sale of capital assets	21,869	-	21,869
Inception of capital lease	51,843	-	51,843
General obligation bonds issued	-	435,000	435,000
Transfers in	83	89,854	89,937
Transfers out	(89,854)	(83)	(89,937)
Total other financing sources (uses)	<u>(16,059)</u>	<u>524,771</u>	<u>508,712</u>
Net change in fund balances	3,452,743	(326,208)	3,126,535
Fund balances at beginning of year	2,046,005	1,110,971	3,156,976
Fund balances at end of year	<u>\$ 5,498,748</u>	<u>\$ 784,763</u>	<u>\$ 6,283,511</u>

See accompanying notes to the basic financial statements.

Woodridge 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	\$	3,126,535
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 capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	\$	1,919,701
Depreciation expense		<u>(538,770)</u>
Excess of capital outlay over depreciation expense		1,380,931
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		5,900
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$	(22,738)
Intergovernmental		33
Tuition and fees		<u>186,133</u>
Net change in deferred revenues during the year		163,428
Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		452,112
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statements of net assets, the lease obligation is reported as a liability.		
capital lease transactions:		
Inception of a capital lease	\$	(51,843)
Long-term liability balance of capital leases traded-in		<u>(21,869)</u>
Net change caused by capitalized lease transactions		(73,712)
The issuance of long-term bonds results in other financing sources in the governmental funds, but this transaction is reflected in the statement of net assets as a long-term liability.		
		(435,000)
Some items 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. These activities consist of:		
Increase in compensated absences	\$	(125,928)
Increase in accrued interest		(11,241)
Bond accretion		<u>(286,801)</u>
Total additional expenditures		<u>(423,970)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>4,196,224</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
for the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 15,399,712	\$ 16,005,066	\$ 16,005,066	\$ -
Intergovernmental	2,563,674	2,563,674	2,563,674	-
Interest	228,013	275,187	275,187	-
Tuition and fees	902,041	902,052	902,052	-
Rent	150	150	150	-
Miscellaneous	95,195	95,316	95,316	-
Total revenues	19,188,785	19,841,445	19,841,445	-
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,020,887	7,146,468	6,930,317	216,151
Special	2,370,237	2,287,872	2,196,923	90,949
Vocational	276,288	291,687	291,688	(1)
Other	448,061	371,937	371,938	(1)
Support services:				
Pupils	1,048,148	1,011,305	1,011,625	(320)
Instructional staff	548,288	500,490	500,490	-
Board of education	27,380	26,925	26,925	-
Administration	1,685,261	1,630,589	1,630,566	23
Fiscal	530,075	551,221	551,221	-
Operation and maintenance of plant	1,510,166	1,511,925	1,511,927	(2)
Pupil transportation	1,244,847	1,303,830	1,303,829	1
Central	108,695	106,302	106,301	1
Extracurricular activities	299,234	299,928	299,929	(1)
Capital outlay	-	615,309	615,309	-
Total expenditures	17,117,567	17,655,788	17,348,988	306,800
Excess of revenues over (under) expenditures	2,071,218	2,185,657	2,492,457	306,800
<u>Other financing sources (uses):</u>				
Proceeds from sale of capital assets	4,100	4,100	4,100	-
Refund of prior year expenditures	574	574	574	-
Advances in	9,893	9,893	9,892	(1)
Advances out	(25,000)	(417,658)	(417,659)	(1)
Transfers in	83	83	83	-
Transfers out	(105,000)	(89,854)	(89,854)	-
Total other financing sources (uses)	(115,350)	(492,862)	(492,864)	(2)
Net change in fund balance	1,955,868	1,692,795	1,999,593	306,798
Fund balance at beginning of year	2,564,385	2,564,385	2,564,385	-
Prior year encumbrances appropriated	286,984	286,984	286,984	-
Fund balance at end of year	\$ 4,807,237	\$ 4,544,164	\$ 4,850,962	\$ 306,798

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 31,864
Total assets	<u>\$ 31,864</u>
<u>Liabilities:</u>	
Accounts payable	\$ 864
Due to students	31,000
Total liabilities	<u>\$ 31,864</u>

See accompanying notes to the basic financial statements.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Woodridge Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's five instructional/support facilities staffed by 108 non-certificated employees and 149 certificated teaching and support personnel, including 10 administrators that provide services to 1,798 students and other community members.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, preschool and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2006.

The School District is associated with the Northeast Ohio Network for Educational Technology, which is defined as a jointly governed organization. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 15.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

A. Basis of Presentation - Fund Accounting

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 statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function 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 and interest earned on grants that is required to be used to support a particular program. Revenues that 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 governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. 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 two categories: governmental and fiduciary.

Governmental Fund Types:

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 School District has one major governmental fund:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

General Fund: The general fund is the operating fund of the School District and 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.

Fiduciary Fund Types

Fiduciary fund 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund which reports resources that belong to the student bodies of the various schools.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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. Governmental funds use the modified accrual basis of accounting and the agency fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenue - Exchange and Non-exchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected 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 year-end.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. 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 the 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, investment earnings, tuition, grants and entitlements, and student fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. 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 deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 the governmental funds.

The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

D. Budgets and Budgetary Accounting

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 primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements and interest in Star Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds; required by a grant agreement; or when approved by the Board of Education to be recorded in another fund. The Board of Education has passed a resolution to allow interest to also be recorded in other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with a 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 initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

G. Interfund Balances

On the 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 activities column of the statement of net assets.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

H. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first out basis and are expensed when used.

Inventories of the general fund were not significant at the end of the year. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, and laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

J. Capital Assets

General capital assets are those assets resulting 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The School District's policy is not to capitalize interest costs incurred as part of construction.

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

<u>Description</u>	<u>Estimated Lives</u>
<i>Land improvements</i>	<i>5 - 20 years</i>
<i>Buildings and improvements</i>	<i>20 - 50 years</i>
<i>Furniture, fixtures and equipment</i>	<i>3 - 20 years</i>
<i>Vehicles</i>	<i>10 - 20 years</i>

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's 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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 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. 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, laws, or regulations of other governments.

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

N. Interfund Transactions

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

P. Fund Balance Reserves

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances, the purchase of textbooks and instructional materials.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 and Actual presentation for the general fund is 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
<i>GAAP Basis</i>	\$ 3,452,743
<i>Revenue Accruals</i>	(578,119)
<i>Expenditure Accruals</i>	(180,026)
<i>Encumbrances (Budget Basis)</i>	
<i>outstanding at year end</i>	<u>(695,005)</u>
<i>Budget Basis</i>	<u>\$ 1,999,593</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 4 - 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 moneys may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$75,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

NOTE 5 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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 alternative 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.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations and therefore a reservation of fund balance is not reported. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$1,309,655 in the general fund, \$134,628 in the bond retirement debt service fund and \$35,874 in the permanent improvement capital projects fund and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

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

<u>Property Category</u>	<u>2005 Assessed Value</u>	<u>2004 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 351,783,550	\$ 325,641,160
Commercial, industrial and minerals	99,856,030	92,084,220
Public utilities	3,360	3,340
<u>Tangible Personal Property</u>		
General	39,434,588	51,776,618
Public utilities	8,143,270	10,595,380
Total	<u>\$ 499,220,798</u>	<u>\$ 480,100,718</u>

NOTE 6 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The general fund accounts receivable at year-end consisted of tuition, excess costs and other miscellaneous reimbursements of \$40,553. Also, several special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$100,311.

WOODRIDGE LOCAL SCHOOL DISTRICTNotes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006**NOTE 7 - CAPITAL ASSETS**

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

<i>Governmental Activities</i>	<i>Restated Balance June 30, 2005</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2006</i>
<i>Capital assets, not being depreciated:</i>				
<i>Land</i>	\$ 116,000	\$ 593,759	\$ -	\$ 709,759
<i>Construction in progress</i>	-	1,245,272	-	1,245,272
<i>Total capital assets, not being depreciated</i>	<u>116,000</u>	<u>1,839,031</u>	<u>-</u>	<u>1,955,031</u>
<i>Capital assets, being depreciated:</i>				
<i>Land improvements</i>	1,272,757	-	(73,865)	1,198,892
<i>Buildings and improvements</i>	19,038,210	-	-	19,038,210
<i>Furniture, fixtures and equipment</i>	2,365,176	80,670	(35,822)	2,410,024
<i>Vehicles</i>	1,438,493	-	(228,949)	1,209,544
<i>Total capital assets, being depreciated</i>	<u>24,114,636</u>	<u>80,670</u>	<u>(338,636)</u>	<u>23,856,670</u>
<i>Less: Accumulated depreciation</i>				
<i>Land improvements</i>	(1,272,757)	-	73,865	(1,198,892)
<i>Buildings and improvements</i>	(6,392,107)	(370,015)	-	(6,762,122)
<i>Furniture, fixtures and equipment</i>	(1,501,954)	(103,442)	19,853	(1,585,543)
<i>Vehicles</i>	(1,023,373)	(65,313)	228,949	(859,737)
<i>Total accumulated depreciation</i>	<u>(10,190,191)</u>	<u>(538,770)</u>	<u>322,667</u>	<u>(10,406,294)</u>
<i>Total capital assets being depreciated, net</i>	<u>13,924,445</u>	<u>(458,100)</u>	<u>(15,969)</u>	<u>13,450,376</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 14,040,445</u>	<u>\$ 1,380,931</u>	<u>\$ (15,969)</u>	<u>\$ 15,405,407</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
<i>Regular</i>	\$ 339,876
<i>Special</i>	15,778
<i>Vocational</i>	6,348
<i>Support services:</i>	
<i>Pupils</i>	32,533
<i>Instructional staff</i>	4,990
<i>Administration</i>	23,568
<i>Operation and maintenance of plant</i>	13,098
<i>Pupil transportation</i>	66,245
<i>Food service operations</i>	35,578
<i>Extracurricular activities</i>	756
	<u>\$ 538,770</u>

The capital asset balances were restated during the fiscal year as explained in Note 18 to the financial statements.

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2006 consisted of the following:

<i>Due to general fund from:</i>	
<i>Nonmajor governmental funds</i>	\$ 417,659

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2006, all interfund loans outstanding are anticipated to be repaid in fiscal year 2007.

Interfund transfers for the year ended June 30, 2006, consisted of the following:

<i>Transfers from general fund to:</i>	
<i>Nonmajor governmental funds</i>	\$ 89,854
<i>Transfers from nonmajor governmental funds to:</i>	
<i>General fund</i>	<u>83</u>
<i>Total</i>	<u>\$ 89,937</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 9 - ACCOUNTABILITY

As of June 30, 2006, several special revenue funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances:

<i>Fund</i>	<i>Amount</i>
<i>Permanent improvement</i>	\$ 118,352
<i>Food service</i>	89,185
<i>Entry year programs</i>	1
<i>Poverty aid</i>	91,829
<i>Title I</i>	861
<i>Title VI</i>	639

NOTE 10 - RISK MANAGEMENT

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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

The School District provides life insurance and accidental death and dismemberment insurance to its employees. The School District has contracted with the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) to provide medical/surgical and dental insurance for its employees and their covered dependents. The OME-RESA is a shared risk pool comprised of multiple entities. The School District pays monthly contributions that are placed in a fund from which eligible claims are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. The School District has a specific stop loss policy of \$35,000. In the event of termination, all participating entities' claims would be paid without regard to their individual account balances. The OME-RESA Board of Directors has authority to return monies to an exiting entity subsequent to the settlement of all claims and expenses.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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 state statute per 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 from the School Employees Retirement System, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund healthcare benefits; for fiscal year 2006, 10.58% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2005, 10.57% 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 the 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 \$319,649 \$225,998 and \$248,297, respectively; 40.5% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$190,147, representing the unpaid contribution for fiscal year 2006, is recorded as an intergovernmental payable.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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 became 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.

For the fiscal year ended June 30, 2006 plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% 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 \$1,038,425, \$1,306,952 and \$1,587,529, respectively; 82.6% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$180,236, representing the unpaid contribution for fiscal year 2006, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2006 were \$9,995 made by the School District and \$12,517 made by the plan members.

NOTE 12 - POST-EMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$79,879 during the 2006 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.5 billion at June 30, 2006. For the year ended June 30, 2006 the net health care costs paid by the STRS were \$282,743,000 and eligible benefit recipients totaled 119,184.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced 50% for those who apply. For this fiscal year 2006, employer contributions to fund health care benefits were 3.42% of covered payroll. For the fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2006

In addition, SERS levies a surcharge to fund health care benefits equal to 14% 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 has been established at \$35,800. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$143,689, which includes a surcharge of \$40,362 during the 2006 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. Expenses for health care at June 30, 2006 were \$158,751,207. At June 30, 2006, the SERS's net assets available for payment of health care benefits was \$295.6 million, which is about 221% of net year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual claims costs. The number of participants receiving health care benefits was approximately 59,492.

NOTE 13 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

<u>General Long-term Obligations</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>	<u>Due within one year</u>
<u>General Obligation Bonds</u>					
<i>Energy Conservation</i>	\$ 47,913	\$ -	\$ (23,389)	\$ 24,524	\$ 24,524
<i>1996 Administration Building</i>	78,468	-	(38,305)	40,163	40,163
<i>1994 School Improvement</i>	7,000,000	-	-	7,000,000	-
<i>2001 School Improvement Refunding</i>					
<i>Serial bonds</i>	6,730,000	-	-	6,730,000	-
<i>Capital appreciation bonds</i>	869,996	-	(338,506)	531,490	288,068
<i>Accretion on bonds</i>	873,126	286,801	-	1,159,927	-
<i>Stadium Improvement</i>	-	435,000	-	435,000	35,000
<i>Subtotal bonds</i>	<u>15,599,503</u>	<u>721,801</u>	<u>(400,200)</u>	<u>15,921,104</u>	<u>387,755</u>
<u>Other Obligations</u>					
<i>Compensated absences</i>	692,463	238,077	(112,149)	818,391	135,409
<i>Capital leases</i>	49,156	51,843	(51,912)	49,087	8,800
<i>Subtotal other obligations</i>	<u>741,619</u>	<u>289,920</u>	<u>(164,061)</u>	<u>867,478</u>	<u>144,209</u>
<i>Total general long-term obligations</i>	<u>\$ 16,341,122</u>	<u>\$ 1,011,721</u>	<u>\$ (564,261)</u>	<u>\$ 16,788,582</u>	<u>\$ 531,964</u>

General Obligation Bonds: General obligation bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

On September 17, 2001, the District issued \$8.2 million in general obligation bonds with an average interest rate of 3.9 percent to advance refund \$8.21 million of outstanding School Improvement Bonds with an average interest rate of 5.9 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the portion of the bonds refunded. As a result, the bonds (portion refunded) are considered to be defeased and the liability is not reported by the School District. These bonds include serial and capital appreciation bonds. Current year additions amounted to \$721,801 which represents the accretion of discounted interest and the issuance of the Stadium Improvement Bonds. The final amount of the 2001 capital appreciation bonds will be \$3,220,307.

Compensated absences: Compensated absences will be paid from the fund from which the person is paid. In prior years, compensated absences were typically paid from the general fund.

Capital Leases: Capital lease obligations will be paid from the general fund.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2006 are as follows:

Fiscal Year	1996 Administration Building				Energy Conservation			
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total
2007	4.85%	40,163	1,948	42,111	4.85%	24,524	1,189	25,713

Fiscal Year	1994 School Improvement				
	Interest Rate	Principal	Interest	Total	
2007	5.65%	-	476,000	476,000	Original bonds maturing in fiscal years 2006-2008 and after 2015 were refunded.
2008	5.75%	-	476,000	476,000	
2009	6.80%	825,000	447,950	1,272,950	
2010	6.80%	880,000	389,900	1,269,900	
2011	6.80%	940,000	328,100	1,268,100	
2012-2015	6.80%	4,355,000	612,170	4,967,170	
Total		\$ 7,000,000	\$ 2,730,120	\$ 9,730,120	

Fiscal Year	2001 School Improvement Refunding				
	Interest Rate	Principal	Interest	Total	
2007	3.75%	288,068	787,034	1,075,102	Bonds maturing in fiscal years 2007 and 2008 are capital appreciation bonds with and approximate yield shown here as an interest rate.
2008	3.95%	243,422	846,680	1,090,102	
2009	3.80%	40,000	309,342	349,342	
2010	3.95%	45,000	307,694	352,694	
2011	4.05%	45,000	305,894	350,894	
2012-2016	4.15-4.80%	1,375,000	1,472,600	2,847,600	
2017-2020	4.15-4.80%	5,225,000	488,286	5,713,286	
Total		\$ 7,261,490	\$ 4,517,530	\$ 11,779,020	

WOODRIDGE LOCAL SCHOOL DISTRICTNotes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

<i>Stadium Improvement Bonds, Series 2005</i>				
<i>Fiscal</i>	<i>Interest</i>			
<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5.79%	35,000	25,187	60,187
2008	5.79%	35,000	23,160	58,160
2009	5.79%	40,000	21,134	61,134
2010	5.79%	40,000	18,897	58,897
2011	5.79%	40,000	16,501	56,501
2012-2020	5.79%	245,000	44,004	289,004
<i>Total</i>		<u>\$ 435,000</u>	<u>\$ 148,883</u>	<u>\$ 583,883</u>

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During the fiscal year, the School District entered into three new capital lease agreements for the acquisition of copiers and other equipment. The terms of each agreement provide options to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized as equipment in the amount of \$65,123 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$51,912, which includes a pay-off of prior outstanding leases.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

<i>Fiscal</i>	<i>Lease</i>
<u>Year</u>	<u>Payments</u>
2007	13,024
2008	13,024
2009	13,024
2010	13,024
2011	8,683
<i>Total minimum lease payments</i>	60,779
<i>Less: amount representing interest</i>	(11,692)
<i>Total</i>	<u>\$ 49,087</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEONET) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEONET is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs NEONET. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEONET are made from the general fund. During fiscal year 2006, the School District contributed \$46,671 to NEONET.

NOTE 16 - CONTINGENCIES

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

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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.

NOTE 17 - STATUTORY RESERVES

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and/or qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2006

During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of June 30, 2005</i>	\$ 263,841	\$ -	\$ 263,841
<i>Current year set-aside requirement</i>	264,063	264,063	528,126
<i>Qualifying disbursements</i>	<u>(145,985)</u>	<u>(1,634,085)</u>	<u>(1,780,070)</u>
<i>Total</i>	<u>\$ 381,919</u>	<u>\$ (1,370,022)</u>	<u>\$ (988,103)</u>
<i>Balance carried forward to future years</i>	<u>\$ 381,919</u>		<u>\$ 381,919</u>

NOTE 18 - RESTATEMENT OF NET ASSETS

Following the close of the previous fiscal year the School District found an error in the calculation of accumulated depreciation and a parcel of land that was not reported. The correction of this error required a restatement of net assets. The restatement of \$185,212 decreased the beginning net asset balance to \$1,241,581.

NOTE 19 - REQUIRED SUPPLEMENTARY INFORMATION (RSI) IS OMITTED

For the fiscal year ended 2005, the School District was required to implement GASB Technical Bulletin No. 2004-2. In addition to the implementation of this guidance, the School District simultaneously implemented GASB Statement No. 45, as recommended by the GASB. This Statement requires employers to present as required supplementary information (RSI) schedules of funding progress and employer contributions for the plan as a whole if a plan financial report, prepared in accordance with GASB Statement 43 is not issued and made publicly available and the plan is not included in the financial report of a public employee retirement system or another entity. SERS and STRS have not issued a financial report in accordance with the statement and have not conducted a valuation of their plans, as they were not required to implement the statement as of the date of this report. Therefore, RSI is unavailable to the School District and it does not follow these notes to the financial statements.

WOODRIDGE LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2006

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through the Ohio Department of Education				
Food Distribution - Commodities - See Note 2	N/A	10.550	\$ 24,507	\$ 24,507
Nutritional Cluster:				
National School Lunch Program	05-PU-05	10.555	131,192	131,193
Breakfast Program	06-PU-06	10.553	40,930	40,930
Total Nutritional Cluster			<u>172,122</u>	<u>172,123</u>
Total U.S. Department of Agriculture			196,629	196,630
<u>U.S. Department of Education</u>				
Pass through Ohio Department of Education				
Title I - Financial Assistance to Meet Special Education Needs of Disadvantaged Children				
Title I - FY 05	C1-S1-05	84.010	-	40,447
Title I - FY 06	C1-S1-06	84.010	265,554	282,958
Total Title I			265,554	323,405
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
Title VI - B - FY 05	6B-SF-05P	84.027	-	27,115
Title VI - B - FY 06	6B-SF-06P	84.027	360,171	332,372
Total Title VI - B			360,171	359,487
Drug - Free School Grant				
Drug - Free School Grant - FY05	DR-S1-05	84.186	-	1,389
Drug - Free School Grant - FY06	DR-S1-06	84.186	8,682	8,667
Total Drug - Free School Grant			8,682	10,056
Innovative Education Program Strategies				
Innovative Education Program Strategies - FY05	C2-S1-05	84.298	2,508	7,538
Innovative Education Program Strategies - FY06	C2-S1-06	84.298	6,505	6,357
Total Innovative Education Program Strategies			9,013	13,895
Technology Literacy Challenge Grant				
Technology Literacy Challenge Grant - FY06	TJ-S1-06	84.318	5,994	-
Reducing Class Size				
Reducing Class Size - FY06	CR-S1-06	84.340	-	5,327
Title III Immigrant				
Title III Immigrant	N/A	84.365	10,440	10,035
Title II-A				
Title II-A FY 05	N/A	84.367	9,931	9,931
Title II-A FY 06	N/A	84.367	50,561	60,255
Total Title II-A			<u>60,492</u>	<u>70,186</u>
Total U.S. Department of Education			720,346	792,391
<u>U.S. Department of Health and Human Services</u>				
Pass Through Ohio Department of Mental Retardation and Developmental Disabilities				
CAFS/Medicaid Title XIX	N/A	93.778	31,965	31,965
SCHIP/Medicaid Title XIX	N/A	93.767	1,668	1,668
Total Medicaid Title XIX			<u>33,633</u>	<u>33,633</u>
Total U.S. Department of Health and Human Services			<u>33,633</u>	<u>33,633</u>
Total Federal Expenditures			<u>\$ 950,608</u>	<u>\$ 1,022,654</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

WOODRIDGE LOCAL SCHOOL DISTRICT
Summit County
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2006

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2006, the District had immaterial food commodities in inventory recorded in the Food Service Fund.

3. Matching Requirements

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on this schedule

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Woodridge Local School District
Summit County
4411 Quick Road
Peninsula, Ohio 44264

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County (the 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 January 22, 2007. 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Woodridge Local School District in a separate letter dated January 22, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris & Associates, Inc.
January 22, 2007

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 West Superior Avenue #1242
Cleveland, OH 44113-1306
Office Phone - (216) 575-1630
Fax - (216) 436-2411

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

Woodridge Local School District
Summit County
4411 Quick Road
Peninsula, Ohio 44264

To the Board of Education:

Compliance

We have audited the compliance of the Woodridge Local School District, Summit County (the District) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program cluster for the year ended June 30, 2006. The District's major federal program cluster is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program cluster is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 program occurred. An audit includes examining, on a test basis, evidence about the 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 on the District's compliance with those requirements.

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

Internal Control Over Compliance

The management of the 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 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 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.

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

Charles E. Harris & Associates, Inc.
January 22, 2007

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
June 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Title I 84.010
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
June 30, 2006

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2006**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending June 30, 2005, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 17, 2007