

TWINSBURG CITY 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
Twinsburg City School District
11136 Ravenna Road
Twinsburg, Ohio 44087-1022

We have reviewed the *Report of Independent Accountants* of the Twinsburg City 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 Twinsburg City School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 4, 2007

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TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY
Audit Report
For the Year Ended June 30, 2006

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OPINION ON SUPPLEMENTARY SCHEDULE
OF FEDERAL AWARDS EXPENDITURES

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

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 Twinsburg City School District, Summit County (the District) as of and for the year ended June 30, 2006, and have issued our report thereon dated January 15, 2007. 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 conducted in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed for the purpose of forming opinions on the financial statements of the Twinsburg City School District that collectively comprise the basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget, Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
January 15, 2007

TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY
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 Agriculture				
Food Distribution	N/A	10.550	\$ 82,390	\$ 82,390
Nutritional Cluster:				
National School Breakfast Program	050070-05PU-2006	10.553	8,614	8,614
National School Lunch Program	050047-LLP4-2005	10.555	199,818	208,432
Total Nutritional Cluster			<u>208,432</u>	<u>217,046</u>
Total U.S. Department of Agriculture			290,822	299,436
<u>U.S. Department of Education</u>				
Pass Through the Ohio Department of Education				
Special Education Cluster:				
Preschool Disabilities	050070-PGS1-2006	84.173	23,885	26,969
Title VI-B Access Grant	050070-6BSD-2003	84.027	(951)	305
Title VI-B Access Grant	050070-6BSD-2004	84.027	-	38,032
Title VI-B Access Grant	050070-6BSD-2005	84.027	4,018	-
Title VI-B Access Grant	050070-6BSD-2006	84.027	48,278	-
Title VI-B Access Grant	050070-GBSF-2005	84.027	-	28,260
Title VI-B	050070-6BSF-2005	84.027	36,530	72,130
Title VI-B	050070-6BSF-2006	84.027	653,082	675,742
Total Title VI-B Special Education Cluster			764,842	841,438
Title I - FY 05	050070-C1S1-2005	84.010	10,185	13,360
Title I - FY 06	050070-C1S1-2006	84.010	113,002	116,315
Total Title I			123,187	129,675
Title II-A Improving Teacher Quality	050047-TRS1-2005	84.367	13,529	20,592
Title II-A Improving Teacher Quality	050047-TRS1-2006	84.367	89,825	89,409
Total Title II-A Improving Teacher Quality			103,354	110,001
Title II-D Technology	050070-TJS1-2003	84.318	-	133
Title II-D Technology	050070-TJS1-2006	84.318	2,244	2,109
Total Title II-D Technology			2,244	2,242
Title VI Innovative Education	050070-C2S1-1998	84.298	-	590
Title VI Innovative Education	050070-C2S1-2006	84.298	11,113	11,566
Total Title VI Innovative Education			11,113	12,156
Safe and Drug Free Program	050070-DRS1-2005	84.186	247	126
Safe and Drug Free Program	050070-DRS1-2006	84.186	11,734	11,722
Total Safe and Drug Free Program			11,981	11,848
Title III LEP	050070-T3S1-2004	84.365	-	76
Title III LEP	050070-T3S1-2006	84.365	12,296	12,296
Total Title III LEP			12,296	12,372
Total U.S. Department of Education			<u>1,029,017</u>	<u>1,119,732</u>
Total Federal Awards Expenditures			<u>\$ 1,319,839</u>	<u>\$ 1,419,168</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

TWINSBURG CITY 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.

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**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**

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

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 Twinsburg City 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 15, 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 Twinsburg City School District in a separate letter dated January 15, 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 15, 2007

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

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Education:

Compliance

We have audited the compliance of the Twinsburg City 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 15, 2007

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

**TWINSBURG CITY 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>	Special Education Cluster CFDA 84.027 and 84.173
(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

TWINSBURG CITY 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.

**TWINSBURG CITY 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.



TWINSBURG CITY SCHOOL DISTRICT

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

Fiscal Year Ending June 30, 2006
Twinsburg, Ohio

Twinsburg City School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2006

Prepared By:
Martin Aho, Director of Finance/Treasurer and
Treasurer's Office Staff

**Twinsburg City School District
 Comprehensive Annual Financial Report
 For the fiscal year ended June 30, 2006**

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**Twinsburg City School District
 Comprehensive Annual Financial Report
 For the fiscal year ended June 30, 2006**

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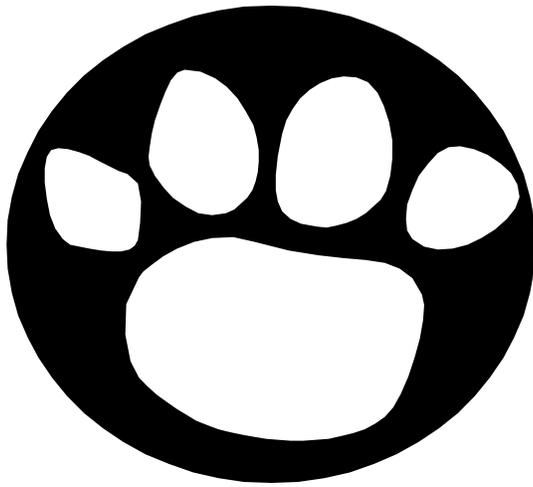
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INTRODUCTORY SECTION



Twinsburg City School District

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Mr. Stephen Marlow, Superintendent
Mr. Michael Lenzo, Assistant to the Superintendent
Mr. Martin Aho, Treasurer

Mrs. Susan Buckbee, Director of Curriculum/Staff Development
Mrs. Judith Henning, Director of Pupil Personnel

December 30, 2006

To the Citizens and Board of Education of the Twinsburg City School District:

The Comprehensive Financial Report (CAFR) of the Twinsburg City School District, the "School District" for the fiscal year ended June 30, 2006, is hereby submitted. This report, prepared by the Fiscal Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2005-2006 fiscal year. This report is presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and is representative of the School District's commitment to provide meaningful information to its' stakeholders.

State law requires the School District's financial statements to be subjected to a biennial examination by the Auditor of State of Ohio (Auditor) or an independent auditor contracted by the Auditor unless an annual Single Audit is required. In addition, the law requires the School District to prepare and file, within 150 days following the close of their fiscal period, a financial statement prepared in accordance with generally accepted accounting principles (GAAP) with the Auditor. The financial statements, at a minimum, should be the basic financial statements of the School District and include the notes to those statements. Although not required by law, management of the School District has decided to prepare this CAFR. A further discussion of the audit can be found later in this letter.

Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including the disclosures, rests with the School District's management. To the best of our knowledge and belief, the CAFR and enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School District.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes a table of contents, this transmittal letter, a list of principal officials, the organizational chart and Government Finance Officer's Association (GFOA) Certificate of Achievement.

The Financial Section, includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes that provide an overview of the School Districts financial position and operating results, the combining statements by fund type, and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section, which is unaudited, includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

The Reporting Entity

The School District meets the definition of the Governmental Accounting Standards Board Statement No. 14, "The Reporting Entity" as a School District for financial reporting purposes.

Twinsburg City School District has administrative responsibility for State funds distributed to Saints Cosmos & Damien Catholic Elementary School under its Auxiliary Services Program. While this entity shares a similar service to the School District, it is a separate and distinct entity with its own governing board. Because of this independent nature, its financial statements are not included in this report.

Description of the School District

The School District serves an area of approximately 30 square miles. It is comprised of the City of Twinsburg, Twinsburg Township and portions of the Village of Reminderville and the City of Macedonia. It is located in the Northeast corner of Summit County and is approximately 21 miles southeast of downtown Cleveland and 24 miles northwest of Akron. According to the 2000 Census, the population of the School District was 30,730.

As of October 2006, there were 4,169 students attending the five schools in the School District. They are: Wilcox Primary built in 1960, Bissell Elementary built in 1963, Dodge Intermediate built in 1969, Chamberlin Middle School built in 1958, and Twinsburg High School built in 1999. The School District also owns a central office building built in 1957, a bus garage, a football stadium, and various athletic fields.

There has been a steady growth in student population. The 1992-93 enrollment was 2,431 students. Since then the student population has increased well over 65%. Enrollment projections indicate continued growth over the next ten years. Projections indicate the district student population is anticipated to grow to approximately 5,000 students.

Organization of the School District

The Board of Education of the School District is comprised of five members elected at-large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the School District. The Board is responsible for the adoption of the tax budget, the annual operating budget and approves all expenditures of the School District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the law.

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations within the School District. In January 2005, Stephen Marlow was hired as Superintendent to replace the retiring Jim Jones. Mr. Marlow has served the district as Middle School Principal and Assistant Superintendent prior to accepting the position as Superintendent.

The Treasurer is the Chief Fiscal Officer of the School District and is responsible directly to the Board for all financial operations, investments, custody of School District funds and assets, and serves as Secretary to the Board. Martin Aho has served in this capacity since July 2002. He has over fourteen years of public sector employment experience. After seven years of service with the State Auditors Office, he was an Assistant Treasurer for three years. He has an MBA from the University of Akron. The Treasurer's office employs three additional staff members.

All other School District employees are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

Economic Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the School District operates.

Local Economy

While the School District, like the rest of the nation, felt the impact of the current recession, the School District continues to closely monitor intergovernmental revenues and property taxes. The School District considers both of these revenues indicators of the strengths or weaknesses of the local economy. In monitoring property tax revenues, the School District takes in account several factors, including tax collections, the values of new construction and revaluations.

The City of Twinsburg is an enviable location as part of the metropolitan Cleveland-Akron area. The two entrances to Interstate 480 are in very close proximity to Interstate 271 and Interstate 80 (Ohio Turnpike). The easy access to interstate highways has enabled the growth of an industrial park. Located within this park is a Daimler-Chrysler stamping plant. This plant is one of the largest employers in Summit County employing approximately 2,000 people.

Four State-supported and six private colleges and universities are located within a convenient driving distance from Twinsburg. The Twinsburg Public Library has been nationally recognized when compared to similar facilities. The Twinsburg Public Library's top rating was based on fifteen factors as measured by Hennen's American Public Library Rating

Twinsburg City and Township have experienced strong business growth over the past ten years. The growth is continuing and land is available for this use. A well-managed tax incentive program has assisted the growth. The future benefits of such a plan are being realized at this point as most businesses are ending their abatement periods and remaining in the community.

Long-term financial planning

The School District's financial condition continues to be an area of focus and concern for the Board of Education and Administration. The litigation now referred to as the "DeRolph Case", began in 1991 and ultimately found the State's method of funding school districts to be unconstitutional.

The Ohio Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. To date they have not complied with the Supreme Court's ruling. The Ohio Legislature enacted in 1976, House Bill 920, severely limiting schools in their funding initiatives. This law prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of property values (inflation).

Additionally, HB 95 passed in June 2003 and HB 66 passed in June 2005 further erode a school district's ability to collect certain property taxes by eliminating the taxes on tangible personal property. These funding changes will force the District to seek voter-approved levies more frequently than it has historically. The School District is currently unable to determine what effects these decisions and laws will have on future State funding and financial operations.

In May, 2001 the School District electors approved an emergency tax levy that will produce \$5 million dollars each year for five years through collection year 2006. This emergency levy was recently renewed for five more years through collection year 2011. In addition, in November 2004, the School District electors approved an emergency levy that will produce \$4 million each year for five years through collection year 2009.

Enrollment projections continue to grow as well.

Financial policy

The School District is required by Ohio law to complete a five-year financial forecast annually. This School District completed the forecast in October 2006 as required. This document is updated regularly and serves as a financial roadmap for the School District.

Major Initiatives and Accomplishments

Across the School District a number of major accomplishments have taken place. The following are examples of those initiatives that directly impact teaching and learning.

Students – Staff - District

- **Local Report Card**
The School District and each of the individual school buildings has achieved an “Excellent” rating on the 2006 State Report Card, as well as meeting adequate yearly progress (AYP).
- **School of Distinction**
Bissell Elementary was recognized as a "School of Distinction" by the State Superintendent. Bissell third grade students met or exceeded the rigorous selection criteria of 75 percent of all students, including students with disabilities, scoring proficient or above on the 2005-2006 achievement test.
- **College and Scholarships**
Over \$4.5 million in scholarships were awarded to School District students from various sources for approximately 64 colleges and universities. The School District had four National Merit Scholarship finalists. In addition while still attending Twinsburg High School, 11 students attended local colleges and universities earning college credits.
- **High School Test Scores**
Average SAT score of 1035 and Average ACT score 22.
- **Music Program**
The High School vocal music group Great Expectations took many first place awards. The orchestra continues to grow from fourth to the high school grade levels. The band includes student musicians from grade five and above. Joint concerts at the holidays continue a long-held Twinsburg tradition.
- **Reading at Wilcox Primary**
Reading Wall of Fame displays photos and descriptions of student who have become early readers. PTO Grants support innovative, collaborative activities of teachers to remediate as well as enhance learning opportunities in the classrooms and help our kids become better readers.
- **Mini-PANDA Program**
Students and parents at Dodge Intermediate School participated in a program where students learn about the ill effects of drugs and alcohol.
- **Family Focus Night and Parent Workshops**
These workshops were among many of the opportunities available to parents to learn about school curriculum and/or to learn parenting skills. Topics included learning about the new math adoption, Sitton spelling curriculum, Study Island, peer pressure, anger management, and school success to name a few.

- Grandparent and Veteran Days
Grandparents are invited to each of the schools through grade 8 for special programs of music, drama, and reading to their grandchildren. Veteran's Day activities coordinate with the local VFW post to enhance student appreciation and to honor military service personnel.
- Cub Community Program
This program takes two 4th grade classes, two 5th grade classes, and two 6th grade classes and enhances the learning environment by promoting positive interaction between the three grade levels, and consistency by maintaining the teachers and student groupings.
- Toys for Tots and Helping Hands Project
Students at Chamberlin and Dodge as well as throughout the District assisted needy children and families with goodie baskets and donated items over the holidays.
- Power of the Pen Team
Power of the Pen is a creative writing organization for 7th and 8th students designed to identify, challenge and reward excellence in creative writing. Of the six students advancing to the state level last year, one student received a number one ranking.
- RBC Honor Corps and Leadership Council
Honor Corps is a service learning organization for students maintaining a minimum 3.5 GPA. Leadership Council seeks to promote leadership skills, set positive examples, and to develop student role models.
- Gifted Identification
Students are identified in the areas of Superior Cognitive Ability, Specific Academic Ability, Creative Thinking Ability, and Visual-Performing Arts Ability. Unique programs are in place for these students.
- Parent-to-Parent Support Group
The parent mentorship program assists special education parents with the process of education of their children. Two parent mentors are hired through a grant.
- Interactive Media Program
A highly active class for the Interactive Media Program continues at the High School. This class has changed the meaning of "morning announcements". Students cannot wait to see the creative, innovative energy that this addition has brought the school.
- Entry Year Program
The Twinsburg Entry Year Program for teachers new to the district welcomes and supports new teachers, preparing them for their professional peer review evaluation called Praxis III.
- Staff Development
Summer staff development to name a few included reading workshops focused on closing the achievement gap, administrative workshops, continuous improvement plan work sessions, and new teacher orientation.

Plant and Educational Support

- **Facilities**

All school buildings are in excellent physical condition. A Permanent Improvement levy supports the building maintenance program. Twinsburg High School was opened in January 1999. Attached to it is a Fitness Center operated by the City of Twinsburg Parks and Recreation Department. When the High School was constructed, an additional “Pod” shell was constructed to allow for future expansion. The School District completed the interior of the L-Pod in time for the start of the 2006-2007 school year. Additionally, the artificial-grass surface installed at our athletic stadium has been positively received by the athletes and community alike.
- **Technology**

All buildings are wired, networked, and have Internet access. The School District has approximately 1,100 computers for student and staff use. Other technologies that support education are also available. All staff and students have e-mail access. The School District utilized State SchoolNet monies to enhance the technology.
- **Security**

The School District has implemented a School District-wide security plan to protect the students and the staff. All buildings have security equipment and procedures.
- **Planning**
 - **Continuous Improvement Plan** –The Board of Education’s approved Continuous Improvement Plan was developed with input from various stakeholders of the School District. In addition to the overall plan, each building developed its annual goals within the plan. It also includes a mechanism to monitor and update it annually.
 - **Enrollment Projections** – In 2004, Fanning, Howey, and Associates, Inc., completed enrollment projections for the School District. Enrollment projections are reviewed and updated as needed and are used to guide the School District’s planning in this time of growth.
 - **Strategic Planning** –The District is working with Santa Rita Collaborative to develop a District-wide Strategic Plan. Many stakeholders from the District and Community are being engaged to assist in the identification and assessment of the District’s future needs and direction.

Financial Information

This is the fourth year the School District has prepared financial statements following GASB Statement No. 34 “Basic Financial Statements – Management’s Discussion and Analysis – State and Local Governments.” GASB Statement No. 34 creates basic financial statements for reporting on the School Districts financial activities as follows:

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparison – This statement presents a comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this new reporting model, management is also responsible for preparing a discussion and analysis of the School District. This discussion follows the Independent Accountant's Report, providing an assessment of the School District's finances for fiscal year 2006 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non-major funds of the School District.

Internal Controls

The management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal financial assistance, the School District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. The internal control structure is subject to periodic evaluation by management of the School District and certain annual evaluations by the School District's independent auditors.

Budgetary Controls

The School District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Revised Code. The objective of these budget controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education.

The level of budgetary control is established at the fund level for all funds and by object for the general fund. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the succeeding years and need not be re-appropriated.

The basis of accounting and the various funds utilized by the Twinsburg City School District are fully described in Note 1 of the basic financial statements.

As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

Cash Management

The School District invests cash in accordance with the investment laws for public schools in the State of Ohio. The Treasurer of the School District is required to remain current on investment issues by annually attending the Center for Public Investment Management workshops provided by the State Treasurer. The fiscal officer has complied with this obligation. During the year, the School District invested in Certificates of Deposit, Star Ohio, Money Market Account, and an overnight “sweep” account that provides competitive rates for public entities. The Federal Deposit Insurance Corporation and/or collateral pledges of government securities protect all investments. The market value of the pooled collateral must be equal to at least 105 percent of public funds deposited in accordance with Revised Code Section 135.18.

Risk Management

As a political subdivision, the School District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, property, boiler and machinery coverage and vehicle fleet liability are purchased from insurance companies licensed to do business in the State of Ohio.

The School District for certificated staff participates in the Stark County Schools Council of Governments Health Benefit Plan, a shared risk pool to provide employee medical, prescription, dental, and vision benefits. The School District pays a monthly contribution that is placed in a common fund from which claim payments are made for all participating districts. The School District for classified staff has an agreement with Medical Mutual of Ohio to provide fully insured health care coverage. Benefits are itemized in the plan booklet. Employee life insurance is purchased through a private company. All employees of the School District are covered by Ohio Workers' Compensation Program. The School District has lowered premiums and by providing workplace training, information and support.

Pension Plans

All School District employees are covered by either the State Teachers Retirement System of Ohio (STRS) or the School Employees Retirement System of Ohio (SERS). Membership is mandatory for virtually all employees and law dictates which system an employee is to become a member. Members of STRS are required to contribute 10% of salaries and wages to the system. This is matched by 14% by the School District. Members of SERS are required to contribute 10% of salary and wages and the School District provides a 14% match. For employees under SERS who currently earn less than \$35,800, the School District must pay 14% of the difference between the member's annual compensation and the minimum compensation level as a surcharge or a pro-rated amount for less than a full years work. Membership in either plan excludes employees from Social Security payments. Employees hired after July 1, 1987 must pay 1.45% for Medicaid and this amount is matched by the School District.

Other Information

Independent Audit

Provisions of the State statute require the School District's financial statements to be audited annually by the Ohio Auditor of State. This audit is also designed to meet the Federal Single Audit Act amendment of 1996. Charles E. Harris and Associates performed the audit for the year ended June 30, 2006. The goal of the independent audit is to provide reasonable assurance that the financial statements of the School District for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditor's unqualified opinion rendered on the School District's basic financial statements, and their report on the combining and individual fund statements and schedules are included in the financial section of this Comprehensive Annual Financial Report.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its CAFR for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded this certificate, a government must publish an easily readable and efficiently organized report. The report must satisfy Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement Program Requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I wish to express my deepest appreciation and thanks to the individuals who assisted with the preparation of this Comprehensive Annual Financial Report. Its preparation and publication would not have been possible without the cooperation and efforts of the entire Treasurer's Department. It is with great pride that the Twinsburg City School District presents the 2006 Comprehensive Annual Financial Report to the citizens and taxpayers of the School District.

Finally, we wish to thank the Board of Education where the commitment to excellence begins.

Respectfully Submitted,



Martin Aho, M.B.A.
Treasurer



Stephen Marlow
Superintendent

Twinsburg City School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2006

Board of Education

Mr. Joseph Nunney	President
Ms. Kate Cain-Criswell	Vice President
Mr. David Andrews	Member
Mr. William Buzulence	Member
Mr. Stephen Shebeck	Member

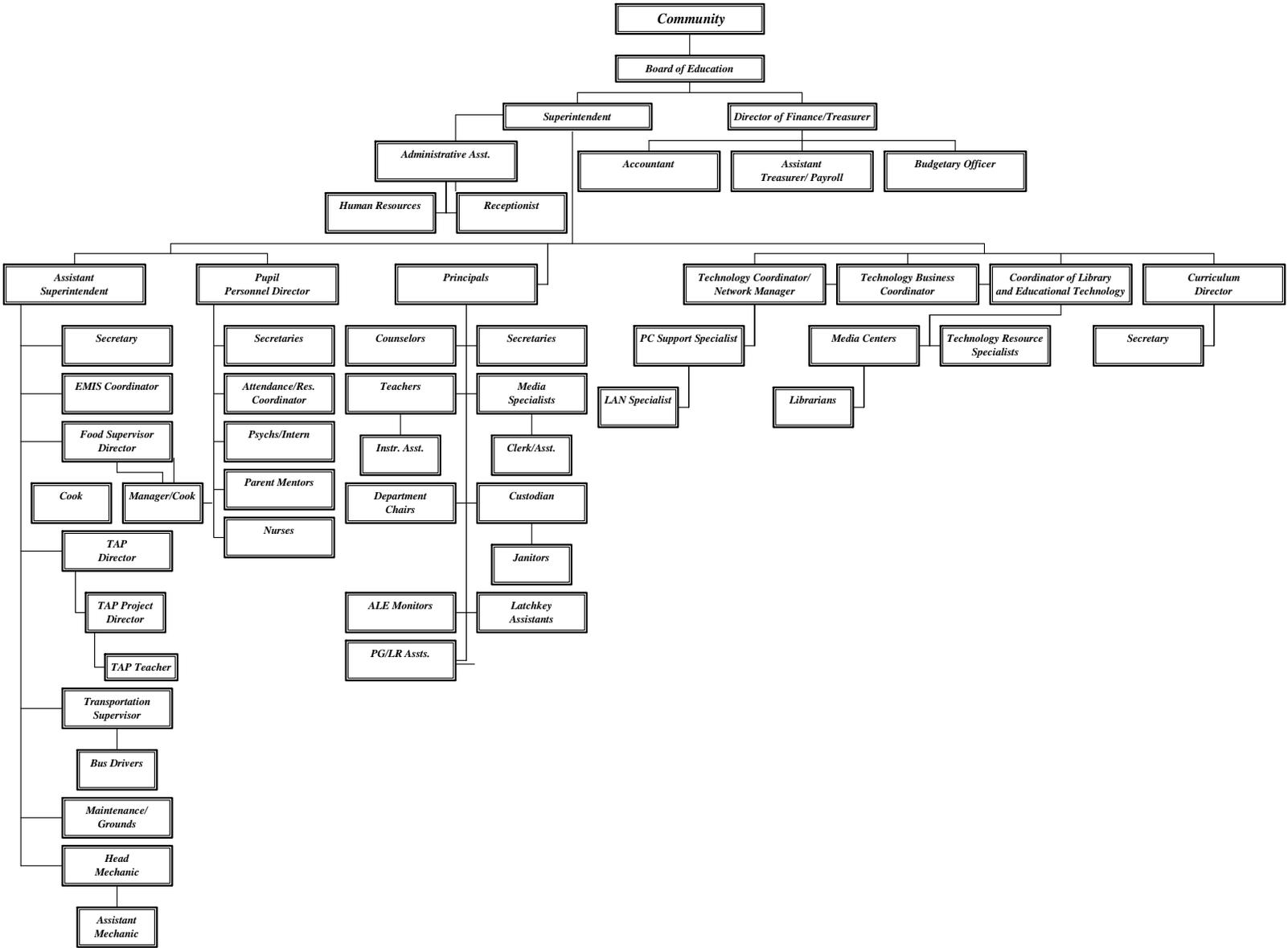
Treasurer

Mr. Martin Aho

Administration

Mr. Stephen Marlow	Superintendent
Mr. Michael Lenzo	Assistant to the Superintendent
Ms. Judy Henning	Director of Pupil Personnel
Ms. Susan Buckbee	Director of Curriculum/Staff Development

*Twinsburg City School District
Organizational Chart*



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Twinsburg City School District
Ohio

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

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



President

Executive Director

FINANCIAL SECTION

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

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 Twinsburg City 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 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 basic 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 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 District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 a report dated January 15, 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 and grants. 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* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris & Associates, Inc.
January 15, 2007

Twinsburg City School District

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

This discussion and analysis of Twinsburg City 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 \$48,217,317 in revenue or 93% of all revenues. Program specific revenues in the form of charges for services, operating and capital grants, contributions and interest accounted for \$3,405,089 or 7% of total revenues of \$51,622,406.
- The School District had \$41,777,153 in expenses related to governmental activities; program revenues offset \$3,405,089 of these expenses. \$48,217,317 of general revenues was available to provide for these programs resulting in an increase in net assets of \$9,845,253. The main reason for the current year increase in net assets is due to an increase in property taxes received during the current fiscal year.
- Of the total governmental expenses of \$41,777,153, the amount related to instruction amounted to \$21,778,776 or 52.1% of this total.
- At the end of the fiscal year, the fund balance for the general fund is \$10,253,220, which is an increase from the prior year balance of \$1,767,876.

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 Twinsburg City 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 funds with all other nonmajor funds presented in total in one column.

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?"

Twinsburg City School District

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

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 District's 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, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. 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 funds. The School District's major governmental funds are the general and bond retirement debt service funds.

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.

The School District as a Whole

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

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

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

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Assets		
<i>Current and other assets</i>	\$ 42,434,779	\$ 53,597,816
<i>Capital assets, net of depreciation</i>	<u>45,312,779</u>	<u>44,867,444</u>
<i>Total assets</i>	<u>87,747,558</u>	<u>98,465,260</u>
Liabilities		
<i>Current and other liabilities</i>	21,527,630	38,599,335
<i>Long-term liabilities:</i>		
<i>Due within one year</i>	4,304,257	4,484,800
<i>Due in more than one year</i>	<u>35,262,047</u>	<u>38,572,754</u>
<i>Total liabilities</i>	<u>61,093,934</u>	<u>81,656,889</u>
Net Assets		
<i>Invested in capital assets, net of debt</i>	8,833,951	5,739,310
<i>Restricted</i>	8,092,240	9,845,214
<i>Unrestricted</i>	<u>9,727,433</u>	<u>1,223,847</u>
<i>Total net assets</i>	<u>\$ 26,653,624</u>	<u>\$ 16,808,371</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 assets exceeded liabilities by \$26,653,624.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles, and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$8,092,240, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$2,047,762 is restricted for debt service payments, \$4,910,255 is restricted for capital projects, and \$1,116,440 is restricted for other purposes. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs.

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

Table 2 shows change in net assets for fiscal year 2006 as compared to 2005:

Table 2
Change in Net Assets

	<i>Governmental Activities</i>	
	<u>2006</u>	<u>2005</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 1,702,724	\$ 1,508,106
Operating grants, contributions and interest	1,681,731	1,548,167
Capital grants and contributions	20,634	22,119
<i>General revenues:</i>		
Property taxes	40,684,008	34,738,237
Grants and entitlements	6,478,610	5,891,092
Payments in lieu of taxes	113,531	36,233
Investment earnings	862,930	315,863
Miscellaneous	78,238	70,557
Total revenues	<u>51,622,406</u>	<u>44,130,374</u>
Program Expenses		
<i>Instruction:</i>		
Regular	18,811,120	18,889,350
Special	2,654,746	2,358,481
Vocational	242,618	243,860
Other	70,292	-
<i>Support services:</i>		
Pupils	2,872,792	2,817,449
Instructional staff	1,014,004	1,098,918
Board of education	300,089	336,239
Administration	2,590,753	2,498,448
Fiscal	879,079	847,489
Business	82,509	88,252
Operation and maintenance of plant	4,807,732	3,849,243
Pupil transportation	2,066,262	1,735,569
Central	1,130,148	874,937
Operation on non-instructional services	73,261	96,340
Operation of food services	1,247,386	1,226,028
Extracurricular activities	1,054,860	1,022,754
Interest and fiscal charges	1,879,502	1,597,174
Total expenses	<u>41,777,153</u>	<u>39,580,531</u>
Increase (decrease) in net assets	9,845,253	4,549,843
Net assets beginning of year	<u>16,808,371</u>	<u>12,258,528</u>
Net assets end of year	<u>\$ 26,653,624</u>	<u>\$ 16,808,371</u>

Twinsburg City 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 \$40.6 million in 2006. General revenues from grants and entitlements, such as the school foundation program, generated over \$6.4 million. With the combination of taxes and intergovernmental funding 91.4% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of Table 2 reflects that the total cost of instructional services was \$21,778,776 or 52.1% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. As compared to the prior year, these expenses increased \$287,085, or 1.3%. The School District incurred costs increases over several program functions for the hiring of additional staff.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$3,886,796 of the total governmental program expenses, or 9.3%. These expenses decreased over the prior year in the amount of \$29,571, or .8%.

Board of Education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$3,852,430 or 9.2% of governmental program expenses. Expenses of these programs increased \$82,002, or 2.2%, as compared to fiscal year 2005, as explained previously.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$4,807,732 or 11.5% of the governmental program expenses.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$2,066,262 or 4.9% of the total governmental program expenditures. Expenses for providing this program increased \$330,693, or 19.1% as compared to the prior year.

Overall, expenses for governmental activities increased \$2,196,622 or 5.5% from fiscal year 2005 reported amounts. The most significant cause to this increase was due to interest and fiscal charges associated with the debt refunding of the 1996 new high school general obligation bonds and the repairs and maintenance of school buildings. The debt refunding is further discussed later within the debt section of this analysis.

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.

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

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	\$ 18,811,120	\$ 18,889,350	\$ (18,561,419)	\$ (18,453,753)
Special	2,654,746	2,358,481	(2,076,003)	(1,693,876)
Vocational	242,618	243,860	(242,618)	(243,860)
Adult/continuing	-	-	6,050	3,056
Other	70,292	-	7,831	-
<i>Support services:</i>				
Pupils	2,872,792	2,817,449	(2,480,539)	(2,546,476)
Instructional staff	1,014,004	1,098,918	(759,555)	(1,025,099)
Board of education	300,089	336,239	(300,089)	(336,239)
Administration	2,590,753	2,498,448	(2,505,689)	(2,481,904)
Fiscal	879,079	847,489	(879,079)	(847,489)
Business	82,509	88,252	(82,509)	(88,252)
Operation and maintenance of plant	4,807,732	3,849,243	(4,790,047)	(3,807,712)
Pupil transportation	2,066,262	1,735,569	(2,044,662)	(1,713,450)
Central	1,130,148	874,937	(1,130,148)	(874,937)
Operation of non-instructional services	73,261	96,340	10,615	(14,717)
Operation of food services	1,247,386	1,226,028	10,089	(83,286)
Extracurricular activities	1,054,860	1,022,754	(674,790)	(696,971)
Interest and fiscal charges	1,879,502	1,597,174	(1,879,502)	(1,597,174)
Total	\$ 41,777,153	\$ 39,580,531	\$ (38,372,064)	\$ (36,502,139)

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$51,919,552 and total expenditures were \$45,240,935. Fund balance of the general fund increased by \$8,485,344 as compared to the 2005 ending balance. Increases in payroll related expenditures were able to be offset by a reduction in other costs, as deemed necessary. Also for fiscal year 2006, there was a significant increase in taxes received causing a significant increase in fund balance. For the bond retirement debt service fund, which is the only other major fund, fund balance increased \$608,015, which was primarily due to the increase in property taxes received as compared to fiscal year 2005.

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.

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

During fiscal year 2006, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$37,313,825, which was a \$1,951,725 increase from the original budget estimate of \$35,362,100. The most significant factor which caused this change was due to an increase in estimated tax receipts. This estimate is provided by the County Budget Commission, which changed the estimate based on additional information that became available during the fiscal year. Actual tax receipts received were still more than final budgeted amounts.

The original expenditure appropriation amount of \$36,344,892 was revised during the fiscal year to a final amount of \$34,589,797. The reduction of \$1,755,095 was necessary with the need to cut operating costs in order to conserve resources to help offset a budget deficit. These costs saving measures proved effective, as actual general fund expenditures (including encumbrances) plus other financing uses were less than the final appropriation amount authorized by the Board of Education. The actual expenditures fell below the final budgeted expenditure amount by 2.06%.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$45,312,779 invested in land, 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>2005</u>
<i>Land</i>	\$ 1,147,310	\$ 1,147,310
<i>Land improvements</i>	2,101,418	1,273,551
<i>Buildings and improvements</i>	40,715,905	41,260,810
<i>Furniture, fixtures and equipment</i>	777,603	673,625
<i>Vehicles</i>	570,543	512,148
<i>Total capital assets</i>	<u>\$ 45,312,779</u>	<u>\$ 44,867,444</u>

The most significant purchases during the year were for three school buses used in the transportation of students. The total carrying value capital assets decreased \$1,985,117 due to the recognition of current year depreciation expense. See Note 6 to the basic financial statements for detail on the School District's capital assets.

Twinsburg City 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 \$36,567,312 in bonds (including unamortized bond premium and bond accretion) and notes outstanding with \$2,930,131 due within one year. The School District also had \$1,020,000 in tax anticipation notes outstanding with \$1,020,000 due within one year. During the year, the School District issued \$4 million in permanent improvement notes. Table 5 summarizes debt outstanding as of June 30:

*Table 5
 Outstanding Debt at Fiscal Year End*

	<i>Governmental Activities 2006</i>	<i>Governmental Activities 2005</i>	
<i>General obligation bonds</i>	\$ 32,510,312	\$ 34,344,324	
<i>Long-term notes</i>	4,057,000	5,124,000	
<i>Tax anticipation notes</i>	1,020,000	2,040,000	
<i>Capital leases</i>	218,097	-	
<i>Total outstanding</i>	\$ 37,805,409	\$ 41,508,324	

At June 30, 2006, the School District's overall legal debt margin was \$46,842,900 with an unvoted debt margin of \$903,013. The School District bond rating was unchanged during the year. See Notes 13, 14, and 15 to the basic financial statements for detail on the School District's long-term obligations.

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. These challenges stem from issues that are at the local and 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 School District will be able to continue providing the current education programs as a result of its citizenry passing a 4.65 mill levy, with collections beginning in January 2005.

A challenge facing the School District is the future of State funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Ohio General Assembly was directed to enact a school-funding mechanism that is to be thorough and efficient. The School District is unable to determine what effect, if any, this decision will have on future funding from the State. See Note 17 to the basic financial statements for more on this contingent matter.

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.

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

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 Martin Aho, Treasurer, at Twinsburg City School District, 11136 Ravenna Road, Twinsburg OH, 44087-1022.

Twinsburg City School District
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 19,021,646
Receivables:	
Accounts	198
Intergovernmental	208,182
Taxes	22,852,374
Inventory held for resale	21,914
Materials and supplies inventory	23,884
Deferred charges	306,581
Capital assets:	
Land	1,147,310
Depreciable capital assets, net	44,165,469
Total capital assets	<u>45,312,779</u>
Total assets	<u>87,747,558</u>
 <u>Liabilities:</u>	
Accounts payable	11,977
Accrued wages	3,331,814
Intergovernmental payable	1,384,701
Matured compensated absences payable	219,101
Deferred revenue	16,419,117
Undistributed monies	5,764
Accrued interest payable	155,156
Long-term liabilities:	
Due within one year	4,304,257
Due in more than one year	35,262,047
Total liabilities	<u>61,093,934</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	8,833,951
Restricted for:	
Capital projects	4,910,255
Debt service	2,047,762
Permanent fund purpose - scholarships	
Expendable	7,783
Nonexpendable	10,000
Other purposes	1,116,440
Unrestricted	<u>9,727,433</u>
Total net assets	<u>\$ 26,653,624</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 18,811,120	\$ 107,032	\$ 140,669	\$ 2,000	\$ (18,561,419)
Special	2,654,746	-	578,743	-	(2,076,003)
Vocational	242,618	-	-	-	(242,618)
Adult/continuing	-	6,050	-	-	6,050
Other	70,292	-	78,123	-	7,831
Support services:					
Pupils	2,872,792	197,492	194,761	-	(2,480,539)
Instructional staff	1,014,004	-	254,449	-	(759,555)
Board of education	300,089	-	-	-	(300,089)
Administration	2,590,753	17,685	67,379	-	(2,505,689)
Fiscal	879,079	-	-	-	(879,079)
Business	82,509	-	-	-	(82,509)
Operation and maintenance of plant	4,807,732	17,685	-	-	(4,790,047)
Pupil transportation	2,066,262	2,966	-	18,634	(2,044,662)
Central	1,130,148	-	-	-	(1,130,148)
Operation of non-instructional services	73,261	-	83,876	-	10,615
Operation of food services	1,247,386	975,207	282,268	-	10,089
Extracurricular activities	1,054,860	378,607	1,463	-	(674,790)
Interest and fiscal charges	1,879,502	-	-	-	(1,879,502)
Total governmental activities	\$ 41,777,153	\$ 1,702,724	\$ 1,681,731	\$ 20,634	(38,372,064)

General Revenues:

Property taxes levied for:

General purposes	33,982,118
Debt service	5,652,231
Capital outlay	1,049,659
Grants and entitlements not restricted to specific programs	6,478,610
Payment in lieu of taxes	113,531
Investment earnings	862,930
Miscellaneous	78,238
Total general revenues	48,217,317

Change in net assets	9,845,253
Net assets beginning of year	16,808,371
Net assets end of year	\$ 26,653,624

See accompanying notes to the basic financial statements.

Twinsburg City School District
Balance Sheet
Governmental Funds
June 30, 2006

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 10,966,411	\$ 1,740,429	\$ 5,916,717	\$ 18,623,557
Receivables:				
Taxes	19,831,912	1,853,402	1,167,060	22,852,374
Accounts	88	-	110	198
Intergovernmental	-	-	208,182	208,182
Interfund	150,455	-	27,501	177,956
Inventory held for resale	-	-	21,914	21,914
Materials and supplies inventory	18,028	-	5,856	23,884
Total assets	\$ 30,966,894	\$ 3,593,831	\$ 7,347,340	\$ 41,908,065
<u>Liabilities:</u>				
Accounts payable	\$ 2,354	\$ -	\$ 9,623	\$ 11,977
Accrued wages	3,095,873	-	235,941	3,331,814
Interfund payable	-	-	177,956	177,956
Intergovernmental payable	1,381,730	-	2,971	1,384,701
Matured compensated absences payable	219,101	-	-	219,101
Deferred revenue	14,984,752	1,454,752	920,320	17,359,824
Undistributed monies	5,764	-	-	5,764
Accrued interest payable	4,100	-	-	4,100
Notes payable	1,020,000	-	-	1,020,000
Total liabilities	20,713,674	1,454,752	1,346,811	23,515,237
<u>Fund balances:</u>				
Reserved:				
Reserved for encumbrances	826,510	-	1,353,096	2,179,606
Unreserved, undesignated, reported in:				
General fund	9,426,710	-	-	9,426,710
Special revenue funds	-	-	1,022,396	1,022,396
Debt service fund	-	2,139,079	-	2,139,079
Capital projects funds	-	-	3,607,254	3,607,254
Permanent fund	-	-	17,783	17,783
Total fund balances	10,253,220	2,139,079	6,000,529	18,392,828
Total liabilities and fund balances	\$ 30,966,894	\$ 3,593,831	\$ 7,347,340	\$ 41,908,065

See accompanying notes to the basic financial statements.

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

Total governmental funds balances		\$ 18,392,828
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.		45,312,779
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 920,506	
Intergovernmental	20,201	
Total	<u>940,707</u>	940,707
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		398,089
Deferred charges are included in the governmental activities in the statement of net assets.		306,581
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.		(151,056)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (32,510,312)	
Energy conservation bonds	(1,057,000)	
Permanent improvement notes	(3,000,000)	
Compensated absences	(1,760,895)	
Capital leases	(218,097)	
Total	<u>(38,546,304)</u>	(38,546,304)
Net assets of governmental activities		<u>\$ 26,653,624</u>

See accompanying notes to the basic financial statements.

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 35,281,933	\$ 4,574,613	\$ 1,061,769	\$ 40,918,315
Intergovernmental	5,845,370	458,982	1,888,680	8,193,032
Interest	753,198	-	121,116	874,314
Tuition and fees	112,162	-	305,465	417,627
Extracurricular activities	-	-	319,657	319,657
Gifts and donations	-	-	8,300	8,300
Charges for services	-	-	975,207	975,207
Rent	48,174	-	9,016	57,190
Payment in lieu of taxes	113,531	-	-	113,531
Miscellaneous	30,058	-	12,321	42,379
Total revenues	42,184,426	5,033,595	4,701,531	51,919,552
Expenditures:				
Current:				
Instruction:				
Regular	17,702,243	-	192,319	17,894,562
Special	1,991,223	-	642,653	2,633,876
Vocational	240,853	-	1	240,854
Other	-	-	70,292	70,292
Support services:				
Pupils	2,505,196	-	410,624	2,915,820
Instructional staff	565,611	-	248,437	814,048
Board of education	300,089	-	-	300,089
Administration	2,344,760	-	79,421	2,424,181
Fiscal	873,319	-	3,400	876,719
Business	82,737	-	-	82,737
Operation and maintenance of plant	3,664,326	-	987,451	4,651,777
Pupil transportation	1,916,953	-	62,851	1,979,804
Central	619,893	-	173,388	793,281
Operation of non-instructional services	-	-	73,261	73,261
Operation of food services	-	-	1,191,543	1,191,543
Extracurricular activities	638,915	-	308,187	947,102
Capital outlay	244,593	-	2,430,452	2,675,045
Debt service:				
Principal retirement	93,496	3,120,000	-	3,213,496
Interest and fiscal charges	156,868	1,305,580	-	1,462,448
Total expenditures	33,941,075	4,425,580	6,874,280	45,240,935
Excess of revenues over (under) expenditures	8,243,351	608,015	(2,172,749)	6,678,617
Other financing sources (uses):				
Inception of capital lease	244,593	-	-	244,593
Transfers in	-	-	2,600	2,600
Transfers out	(2,600)	-	-	(2,600)
Total other financing sources (uses)	241,993	-	2,600	244,593
Net change in fund balances	8,485,344	608,015	(2,170,149)	6,923,210
Fund balances beginning of year	1,767,876	1,531,064	8,170,678	11,469,618
Fund balances end of year	\$ 10,253,220	\$ 2,139,079	\$ 6,000,529	\$ 18,392,828

See accompanying notes to the basic financial statements.

Twinsburg City 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 \$ 6,923,210

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, net	\$ 2,430,452	
Depreciation expense	<u>(1,985,117)</u>	
Excess of depreciation expense over net capital asset additions		445,335

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	\$ (234,308)	
Charges for services	(18,778)	
Intergovernmental	<u>(44,060)</u>	
Net change in deferred revenues during the year		(297,146)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 3,213,496

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. (244,593)

Inception of a capital lease

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	\$ (211,665)	
Bond accretion	(622,292)	
Increase in accrued interest	<u>(97,457)</u>	
Total reduced expenditures		(931,414)

The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities.

Issuance cost	\$ (33,609)	
Premium	<u>336,304</u>	
Total additional expenses		302,695

The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated 433,670

Change in net assets of governmental activities \$ 9,845,253

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 29,830,938	\$ 30,745,678	\$ 31,508,166	\$ 762,488
Intergovernmental	5,181,162	5,613,147	5,845,370	232,223
Interest	212,500	656,519	762,758	106,239
Tuition and fees	10,000	110,744	112,210	1,466
Rent	45,000	45,000	48,174	3,174
Payment in lieu of taxes	30,000	113,531	113,531	-
Miscellaneous	52,500	29,206	29,030	(176)
Total revenues	35,362,100	37,313,825	38,419,239	1,105,414
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	18,811,814	18,133,816	17,645,147	488,669
Special	2,142,714	2,044,716	2,021,838	22,878
Vocational	271,274	238,274	238,261	13
Support services:				
Pupils	2,644,686	2,532,623	2,508,721	23,902
Instructional staff	639,122	598,072	588,505	9,567
Board of education	465,382	447,837	342,312	105,525
Administration	2,678,183	2,334,163	2,293,629	40,534
Fiscal	935,956	917,956	879,992	37,964
Business	117,425	98,425	90,224	8,201
Operation and maintenance of plant	4,126,714	3,892,598	3,850,604	41,994
Pupil transportation	1,915,567	1,898,611	1,888,366	10,245
Central	777,208	669,089	653,833	15,256
Extracurricular activities	675,506	640,276	633,920	6,356
Debt service:				
Principal retirement	69,000	69,000	67,000	2,000
Interest and fiscal charges	74,341	74,341	74,959	(618)
Total expenditures	36,344,892	34,589,797	33,777,311	812,486
Excess of revenues over (under) expenditures	(982,792)	2,724,028	4,641,928	1,917,900
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	-	-	1,000	1,000
Refund of prior year expenditures	-	-	56	56
Advances in	-	-	45,980	45,980
Advances out	-	-	(113,934)	(113,934)
Transfers out	-	-	(2,600)	(2,600)
Total other financing sources (uses)	-	-	(69,498)	(69,498)
Net change in fund balance	(982,792)	2,724,028	4,572,430	1,848,402
Fund balances at beginning of year	5,621,265	5,621,265	5,621,265	-
Prior year encumbrances appropriated	482,793	482,793	482,793	-
Fund balances at end of year	\$ 5,121,266	\$ 8,828,086	\$ 10,676,488	\$ 1,848,402

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2006

	<u>Self Insurance</u>
<u>Assets:</u>	
Cash and cash equivalents:	
In segregated accounts	<u>\$ 398,089</u>
<u>Net assets:</u>	
Unrestricted	<u> 398,089</u>
Total liabilities and net assets	<u>\$ 398,089</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2006

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 398,825
Other	311,613
Total operating revenues	<u>710,438</u>
 <u>Operating expenses:</u>	
Purchased services	43,153
Claims	224,424
Other	9,191
Total operating expenses	<u>276,768</u>
 Change in net assets	 433,670
 Net assets beginning of year	 <u>(35,581)</u>
Net assets end of year	<u>\$ 398,089</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2006

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 398,825
Cash payments to suppliers for goods and services	(9,191)
Cash payments for claims	(214,865)
Net cash provided by (used for) operating activities	<u>174,769</u>
 Net increase (decrease) in cash and cash equivalents	 174,769
 Cash and cash equivalents at beginning of year	 <u>223,320</u>
Cash and cash equivalents at end of year	<u>\$ 398,089</u>
 <u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>	
Operating income (loss)	<u>\$ 433,670</u>
 Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in liabilities:	
Claims payable	(258,901)
Net cash provided by (used for) operating activities	<u>\$ 174,769</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 17,539	\$ 212,603
<u>Liabilities:</u>		
Due to students	-	212,603
Total liabilities	-	\$ 212,603
<u>Net assets:</u>		
Held in trust for scholarships	\$ 17,539	

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2006

	<u>Scholarships</u>
<u>Additions:</u>	
Interest	\$ 841
Gifts and donations	200
Total additions	<u>1,041</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,001</u>
Change in net assets	(960)
Net assets beginning of year	<u>18,499</u>
Net assets end of year	<u><u>\$ 17,539</u></u>

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the School District

The Twinsburg City 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 227 non-certificated employees and 283 certificated (including administrators) teaching and support personnel that provide services to 4,073 students and other community members.

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. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting polices.

B. 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 (NEOnet) and the Cuyahoga Valley Career Center. These organizations are presented in Note 16 to the basic financial statements.

C. Basis of Presentation - Fund Accounting

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

D. 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 three categories: governmental, proprietary 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 two major governmental funds:

Twinsburg City 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.

Bond Retirement Fund: The bond retirement fund is a debt service fund and is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, and dental and vision claims of School District employees.

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. The School District's only trust fund is a private purpose trust, which account for scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's most significant agency fund reports resources that belong to the student bodies of the various schools.

E. 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.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

The private purpose trust fund is reported using the economic resources measurement focus.

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 internal service, private purpose trust and agency funds use 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.

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.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the 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.

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

F. 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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the object level for the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. 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.

G. 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.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

H. 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. There are no prepaid items reported as of year end.

I. 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.

J. 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 consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

K. 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 or designated for budget stabilization, which is now optional as determined by the School District. The School District spent all restricted assets in accordance with specific restrictions during the fiscal year. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

L. Deferred Charges and Bond Premiums

In governmental fund types, bond premiums and issuance costs are recognized in the current period. On the statement of net assets, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

Twinsburg City School District
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2006

M. 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, 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>

N. 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.

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.

O. 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, and compensated absences 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.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

P. 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. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs.

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

Q. 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.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of the fund.

S. 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.

T. 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.

NOTE 2 - 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 (Non-GAAP Basis) 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 and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other uses 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>
GAAP Basis	\$ 8,485,344
Revenue Accruals	(3,962,744)
Expenditure Accruals	339,753
Encumbrances (Budget Basis)	
Outstanding at year end	(289,923)
Budget Basis	\$ 4,572,430

NOTE 3 - 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.

Twinsburg City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

Twinsburg City School District
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2006

Deposits:

For the fiscal year ended June 30, 2006, the School District did not report “Equity in pooled cash and cash equivalents (restricted)” on the balance sheet. This amount would represent a reserve (see Note 18).

Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District’s policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The carrying value of the School District’s deposits totaled \$3,223,867 and the bank balances of the deposits totaled \$3,575,141. Of the bank balance, \$3,375,141 was exposed to custodial credit risk. This amount was uninsured and collateral is held by the pledging financial institution’s trust department, and not in the School District’s name.

Investments:

As of June 30, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 13,900,000	Daily	N/A ⁽¹⁾
STAROhio	<u>2,127,921</u>	N/A	AAAm ⁽²⁾
	<u>\$ 16,027,921</u>		

⁽¹⁾ Underlying securities are exempt.

⁽²⁾ Standard and Poor's rating

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

All interest is legally required to be placed in the general fund, the food service, public support and auxiliary services special revenue funds, the endowment permanent fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2006 amount to \$753,198, which includes \$293,716 assigned from other School District funds.

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 \$13,900,000 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 4 - 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% of true value for capital assets and 23% 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%. This will be reduced to 12.5% for 2007, 6.25% 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.

Twinsburg City 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 a portion of the amount available as an advance at year-end is intended to finance current year operations. 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 \$4,847,160 in the general fund, \$398,650 in the bond retirement debt service fund and \$266,941 in the permanent improvement capital projects fund and is recognized as revenue on the fund financial statements. The School District receives payments in lieu of certain tax payments as a result of negotiated tax abatement agreements. On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

There were no new levies passed during the current fiscal year. 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>		
<i>Residential and agricultural</i>	\$ 530,347,920	\$ 475,979,920
<i>Commercial, industrial and minerals</i>	215,240,090	204,627,250
<u>Tangible Personal Property</u>		
<i>General</i>	140,072,213	180,390,229
<i>Public utilities</i>	17,352,370	15,270,700
<i>Total</i>	<u>\$ 903,012,593</u>	<u>\$ 876,268,099</u>

NOTE 5 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), 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. Special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements in the amount of \$208,182.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 6 - CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance June 30, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,147,310	\$ -	\$ -	\$ 1,147,310
<i>Capital assets, being depreciated:</i>				
Land improvements	2,606,063	959,561	-	3,565,624
Buildings and improvements	59,107,720	1,110,573	-	60,218,293
Furniture, fixtures and equipment	1,654,009	191,902	-	1,845,911
Vehicles	2,404,591	168,416	-	2,573,007
Total capital assets, being depreciated	<u>65,772,383</u>	<u>2,430,452</u>	<u>-</u>	<u>68,202,835</u>
<i>Less: Accumulated depreciation</i>				
Land improvements	(1,332,512)	(131,694)	-	(1,464,206)
Buildings and improvements	(17,846,910)	(1,655,478)	-	(19,502,388)
Furniture, fixtures and equipment	(980,384)	(87,924)	-	(1,068,308)
Vehicles	(1,892,443)	(110,021)	-	(2,002,464)
Total accumulated depreciation	<u>(22,052,249)</u>	<u>(1,985,117)</u>	<u>-</u>	<u>(24,037,366)</u>
Total capital assets being depreciated, net	<u>43,720,134</u>	<u>445,335</u>	<u>-</u>	<u>44,165,469</u>
Governmental activities capital assets, net	<u>\$ 44,867,444</u>	<u>\$ 445,335</u>	<u>\$ -</u>	<u>\$ 45,312,779</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	<i>Amount</i>
Regular	\$ 1,057,464
Special	25,167
<i>Support services:</i>	
Pupils	362
Instructional staff	198,503
Administration	161,005
Operation and maintenance of plant	188,376
Pupil transportation	101,240
Central	90,514
Operation of food services	54,483
Extracurricular activities	108,003
	<u>\$ 1,985,117</u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<i>General fund</i>	\$ 150,455	\$ -
<i>Nonmajor governmental funds</i>	<u>27,501</u>	<u>177,956</u>
<i>Totals</i>	<u>\$ 177,956</u>	<u>\$ 177,956</u>

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.

NOTE 8 - INTERFUND TRANSFERS

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

	<u>Transfer Out:</u> <i>General</i>
<u>Transfer In:</u>	<u>Fund</u>
<i>Nonmajor funds</i>	\$ 2,600

During the year, the general fund transferred \$2,600 to the Alternative Schools special revenue fund. Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds 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.

NOTE 9 – ACCOUNTABILITY AND CHANGES IN ACCOUNTING PRINCIPLES

A. Accountability

As of June 30, 2006, several funds had deficit fund balances. These deficits were caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following funds had deficit balances:

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

	<u>Amount</u>
<u>Nonmajor special revenue funds:</u>	
Alternative schools	\$ 14,831
Title VI-B	33,990
Title I	15,098
Drug free school grant	994
Improving teacher quality	4,886

B. Changes in accounting principles

For the fiscal year 2006, the School District has implemented GASB Statement No. 44 "Economic Condition Reporting: The Statistical Section (An amendment of NCGA Statement 1)", GASB Statement No 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits". The implementation of these new standards did not require a restatement of balances.

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. The School District has established a self-insurance fund (an internal service fund) to account for and finance its employee health benefits plan. Under this program, the self-insurance fund provides coverage for up to an annual maximum of \$1,000,000 for each health benefits claim, capped at \$3,000,000 annually for all claims. The School District purchases commercial insurance for claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial coverage, nor have there been any significant reductions in coverage in any of the past three fiscal years. As of October 1, 2005 the School District is no longer self-insured. They now purchase commercial insurance for all School District employees.

All funds of the School District used to participate in the program and make payments to the self-insurance fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The School District's independent third-party administrator has actuarially determined that all claim obligations (including both reported but unpaid claims and incurred but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) have all been paid as of June 30, 2006.

The School District does not report a claims liability in the fund at June 30, 2006 based on the provisions of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability for the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2005	\$ 660,667	3,593,379	(3,995,145)	\$ 258,901
2006	\$ 258,901	224,424	(483,325)	\$ -

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 public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

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 District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2005, 10.57% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, 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 \$667,030, \$616,080, and \$531,142, respectively; 40% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$397,677, 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 public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers - Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227 - 4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

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

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.

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. For fiscal year 2005, 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 \$2,405,355, \$2,312,461, and \$2,089,171, respectively; 76% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$582,198, 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 \$28,425 made by the School District and \$54,246 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.

Twinsburg City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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 \$185,027 during the 2006 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.3 billion at June 30, 2005 (the latest information available). For the year ended June 30, 2005, the net health care costs paid by the STRS were \$254,780,000 and eligible benefit recipients totaled 115,395.

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, employer contributions to fund health care benefits were 3.42% of covered payroll, a decrease of .01% from fiscal year 2005.

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. However, the surcharge is capped at 2% of each employer's SERS salaries. 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 \$300,521, which includes a surcharge of \$84,903 during the 2006 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006 were \$158,751,207. The target level for the health care reserve is 150% of projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next 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 eligible to receive benefits is 59,492.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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:

	<i>Balance</i> <u>July 1</u>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <u>June 30</u>	<i>Due within</i> <u>one year</u>
<u>Governmental Long-term Obligations</u>					
<u>General Obligation Bonds</u>					
<i>2002 Various Purpose</i>					
<i>Improvement Refunding, 3.00%</i> <i>maturing December 1, 2011</i>	\$ 4,364,978	\$ -	\$ (675,000)	\$ 3,689,978	\$ 386,131
<i>2004 School Facilities Refunding</i>					
<i>Bonds, 2.0-5.0%, maturing</i> <i>December 1, 2021</i>	26,009,925	-	(1,445,000)	24,564,925	1,475,000
<i>Accretion on Capital</i>					
<i>Appreciation Bonds</i>	565,382	622,292	-	1,187,674	-
<i>Unamortized premium</i>	3,404,039	-	(336,304)	3,067,735	-
<i>Total bonds</i>	<u>34,344,324</u>	<u>622,292</u>	<u>(2,456,304)</u>	<u>32,510,312</u>	<u>1,861,131</u>
 <i>Long-term Notes</i>					
<i>2003 OASBO Energy</i>					
<i>Conservation, 5.00%, maturing</i> <i>December 1, 2017</i>	1,124,000	-	(67,000)	1,057,000	69,000
<i>2005 Permanent Improvement</i>					
<i>3.15-3.75%, maturing</i> <i>December 1, 2008</i>	4,000,000	-	(1,000,000)	3,000,000	1,000,000
<i>Total notes</i>	<u>5,124,000</u>	<u>-</u>	<u>(1,067,000)</u>	<u>4,057,000</u>	<u>1,069,000</u>
 <i>Other Long-term Obligations</i>					
<i>Long-term compensated absences</i>	1,549,230	613,299	(401,634)	1,760,895	308,682
<i>Capital lease payable</i>	-	244,593	(26,496)	218,097	45,444
<i>Total other long-term obligations</i>	<u>1,549,230</u>	<u>857,892</u>	<u>(428,130)</u>	<u>1,978,992</u>	<u>354,126</u>
<i>Total governmental</i> <i>long-term obligations</i>	<u>\$ 41,017,554</u>	<u>\$ 1,480,184</u>	<u>\$ (3,951,434)</u>	<u>\$ 38,546,304</u>	<u>\$ 3,284,257</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.

Twinsburg City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

On April 13, 2004, the School District issued \$27.8 million in general obligation bonds which include serial and capital appreciation bonds with interest rates varying between 2.0-5.0% to refund \$27.8 million of outstanding School Improvement Bonds with an average interest rate of 5.8%. The final amount of the 2004 capital appreciation bonds was \$2,124,925. The net proceeds of the refunding bonds 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 are considered to be defeased and the liability is not reported by the School District.

Long-term Notes: Long-term notes are direct obligations of the School District for which its full faith and credit are pledged for repayment. Long-term notes 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 capital improvements capital project fund (2003 OASBO note) and the general fund (2004 OASBO note).

In April 2005, the School District issued \$4,000,000 in Permanent Improvement notes with interest rates varying between 3.15-3.75% for the purpose of remodeling, renovating, furnishing, equipping, and otherwise improving School District buildings, sites and grounds. Property tax monies will be received in and the debt will be repaid from the capital improvements capital projects fund.

Compensated absences: Sick leave benefits will be paid from the fund from which the person is paid. In prior years this fund has primarily been the general fund.

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

<u>Fiscal Year</u>	<u>2003 Various Improvement Refunding</u>		<u>2004 OASBO Note</u>		<u>2005 Permanent Improvement Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 386,131	\$ 424,749	\$ 69,000	\$ 46,122	\$ 1,000,000	\$ 91,000
2008	343,847	467,032	72,000	43,539	1,000,000	55,500
2009	695,000	103,505	75,000	40,592	1,000,000	18,750
2010	725,000	72,717	78,000	37,373	-	-
2011	755,000	44,960	81,000	33,875	-	-
2012-2016	785,000	15,308	465,000	108,353	-	-
2017-2019	-	-	217,000	10,575	-	-
Total	\$ 3,689,978	\$ 1,128,271	\$ 1,057,000	\$ 320,430	\$ 3,000,000	\$ 165,250

<u>Fiscal Year</u>	<u>2004 School Facilities Refunding Bonds</u>			
	<u>Serial</u>		<u>Capital Appreciation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,475,000	\$ 975,970	\$ -	\$ -
2008	-	961,220	706,583	798,418
2009	-	961,220	573,842	931,159
2010	-	961,220	466,023	1,038,977
2011	-	961,220	378,477	1,126,523
2012-2016	8,230,000	3,911,128	-	-
2017-2021	10,375,000	1,713,667	-	-
2022	2,360,000	50,150	-	-
Total	\$ 22,440,000	\$ 10,495,795	\$ 2,124,925	\$ 3,895,077

Bonds maturing in fiscal year 2008-2011 are capital appreciation bonds with an approximate yield of 2.32%-3.44%.

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During the year, the School District entered into a lease agreement for eighteen copiers. The terms of each agreement provide options to purchase the equipment. Each lease meets 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 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 \$244,593, which is equal to the present value of the future minimum lease payments on the government-wide financial statements. Principal payments in the current fiscal year totaled \$26,496.

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 Year</i>	<i>Lease Payments</i>
2007	\$ 54,862
2008	54,862
2009	54,862
2010	54,862
2011	<u>22,859</u>
<i>Total minimum lease payments</i>	242,307
<i>Less: amount representing interest</i>	<u>(24,210)</u>
<i>Total</i>	<u>\$ 218,097</u>

NOTE 15 - TAX ANTICIPATION NOTES

The changes in tax anticipation notes of the School District during the fiscal year were as follows:

<i><u>Tax Anticipation Notes</u></i>	<i>Balance July 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30</i>	<i>Due within one year</i>
2001 General fund, 4.90% maturing December 1, 2006	\$ 2,040,000	\$ -	\$ (1,020,000)	\$ 1,020,000	\$ 1,020,000

Twinsburg City School District
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2006

Principal and interest requirements to amortize tax anticipation notes outstanding at June 30, 2006 are as follows:

<u>Tax Anticipation Notes</u>			
<u>Fiscal</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,020,000	\$ 25,449	\$ 1,045,449

The outstanding tax anticipation notes are obligations of the general fund.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among seventeen school districts. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. During the current fiscal year, the School District contributed \$38,123 to NEOnet.

Cuyahoga Valley Career Center is a vocational school district which is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the School District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the School District.

NOTE 17 - 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 are 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.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

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

NOTE 18 - 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 qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be presented as being carried forward to the next fiscal year for the capital maintenance reserve. 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.

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>	\$ 75,496	\$ -	\$ 75,496
<i>Current year set-aside requirement</i>	613,612	613,612	1,227,224
<i>Qualifying disbursements</i>	<u>(787,785)</u>	<u>(3,610,529)</u>	<u>(4,398,314)</u>
<i>Total</i>	<u>\$ (98,677)</u>	<u>\$ (2,996,917)</u>	<u>\$ (3,095,594)</u>
<i>Balance carried forward to future years</i>	<u>\$ (98,677)</u>		<u>\$ (98,677)</u>

NOTE 19 - ENDOWMENT

In a prior year the School District accepted an endowment gift of \$10,000, as allowed by ORC 3313.36. These funds are to be held for the purpose of earning interest, of which fifty percent is to be awarded as a scholarship each year. If no scholarship is awarded in any year, the allotted amount may be added to the amount to be granted to one or more scholarships the following year, and so on. The scholarship awarded shall be to a graduate of the School District, which is to be used toward a college or university education as an elementary education major. The recipients shall be determined by a committee of three persons selected from the teaching staff of the School District's high school by the Superintendent of the School District. As of June 30, 2006, the endowment gift has accumulated \$7,783 in investment earnings and is reported as expendable "Restricted for permanent fund purposes-scholarships". The initial \$10,000 endowment gift is reported as nonexpendable "Restricted for permanent fund purposes-scholarships".

Twinsburg City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

NOTE 20 – REQUIRED SUPPLEMENTARY INFORMATION (RSI) IS OMITTED

In the previous fiscal year, 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 No. 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.



Combining Statements and Individual Fund Schedules

Combining Statements and Individual Fund Schedules

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. A description of the School District's nonmajor special revenue funds follows:

Food Service

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the School District students and staff.

Uniform School Supplies

To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the School District.

Adult Education

To account for all revenues and expenditures related to the provision of credit and non-credit classes to the general public.

Miscellaneous Local Grants

To account for funds received from private organizations that are restricted for specific purposes.

Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

District Managed Student Activity

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

Auxiliary Services

To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the School District as provided by state law.

Teacher Development

To account for state revenues used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

Management Information Systems

To account for state funds provided to assist the School District in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Entry Year Programs

To account for state funds provided to assist the School District in implementing new programs as provided by state law.

Disadvantaged Pupil Impact Aid (DPIA)

To account for state funds which provide instructional programs and materials for disadvantaged students.

Data Communications

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

SchoolNet Professional Development

To account for a limited number of professional development subsidy grants.

Ohio Reads

To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention

To account for summer intervention services designed to satisfy criteria defined in division (E) of the Ohio Revised Code Section 3313.608.

Alternative Schools

To account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually taunt or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

Poverty Aid

To account for monies appropriated for poverty based assistance as part of the state foundation system.

Miscellaneous State Grants

To account for monies received from state agencies which are not classified elsewhere.

Title VI-B

To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title III

To account for federal funds received to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I

To account for federal funds for services provided to meet special educational needs of educationally deprived children.

Title V

To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

Drug Free School Grant

To account for federal funds for the establishment, operation and improvement programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

EHA Preschool Grant

To account for federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Improving Teacher Quality

To account for monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

To account for federal revenues received through state agencies from the federal government or directly from the federal governments which are not classified elsewhere.

Major Debt Service Fund

The debt service fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and the payment of general obligation notes payable, as required by Ohio Law.

Nonmajor Capital Projects Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The capital projects funds are:

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building

To account for the receipts and expenditures related to all special bond funds in the School District.

Replacement

A fund provided to account for monies used in the rebuilding, restoration or improvement of property which has been totally or partially destroyed due to any cause. Such property may have become unfit for use necessitating its demolition in whole or in part, and may require repair or restoration before it can again be used.

Nonmajor Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Endowment

To account for money, securities or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact.

Twinsburg City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,324,340	\$ 4,574,594	\$ 17,783	\$ 5,916,717
Receivables:				
Taxes	-	1,167,060	-	1,167,060
Accounts	110	-	-	110
Intergovernmental	208,182	-	-	208,182
Interfund receivable	-	27,501	-	27,501
Inventory held for resale	21,914	-	-	21,914
Materials and supplies inventory	5,856	-	-	5,856
Total assets	<u>\$ 1,560,402</u>	<u>\$ 5,769,155</u>	<u>\$ 17,783</u>	<u>\$ 7,347,340</u>
<u>Liabilities:</u>				
Accounts payable	\$ 9,044	\$ 579	\$ -	\$ 9,623
Accrued wages	235,941	-	-	235,941
Interfund payable	177,956	-	-	177,956
Intergovernmental payable	2,971	-	-	2,971
Deferred revenue	20,201	900,119	-	920,320
Total liabilities	<u>446,113</u>	<u>900,698</u>	<u>-</u>	<u>1,346,811</u>
<u>Fund balances:</u>				
Reserved for encumbrances	91,893	1,261,203	-	1,353,096
Unreserved, undesignated, Reported in:				
Special revenue funds	1,022,396	-	-	1,022,396
Capital projects funds	-	3,607,254	-	3,607,254
Permanent funds	-	-	17,783	17,783
Total fund balances	<u>1,114,289</u>	<u>4,868,457</u>	<u>17,783</u>	<u>6,000,529</u>
Total liabilities and fund balances	<u>\$ 1,560,402</u>	<u>\$ 5,769,155</u>	<u>\$ 17,783</u>	<u>\$ 7,347,340</u>

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ 1,061,769	\$ -	\$ 1,061,769
Intergovernmental	1,695,788	192,892	-	1,888,680
Interest	10,666	109,732	718	121,116
Tuition and fees	305,465	-	-	305,465
Extracurricular activities	319,657	-	-	319,657
Gifts and donations	8,300	-	-	8,300
Charges for services	975,207	-	-	975,207
Rent	6,050	2,966	-	9,016
Miscellaneous	12,321	-	-	12,321
Total revenues	3,333,454	1,367,359	718	4,701,531
Expenditures:				
Current:				
Instruction:				
Regular	190,319	-	2,000	192,319
Special	642,653	-	-	642,653
Vocational	1	-	-	1
Other	70,292	-	-	70,292
Support services:				
Pupils	410,624	-	-	410,624
Instructional staff	248,437	-	-	248,437
Administration	79,421	-	-	79,421
Fiscal	3,400	-	-	3,400
Operation and maintenance of plant	18,265	969,186	-	987,451
Pupil transportation	820	62,031	-	62,851
Central	-	173,388	-	173,388
Operation of non-instructional services	73,261	-	-	73,261
Operation of food services	1,191,543	-	-	1,191,543
Extracurricular activities	308,187	-	-	308,187
Capital outlay	14,489	2,415,963	-	2,430,452
Total expenditures	3,251,712	3,620,568	2,000	6,874,280
Excess of revenues over (under) expenditures	81,742	(2,253,209)	(1,282)	(2,172,749)
Other financing sources (uses):				
Transfers in	2,600	-	-	2,600
Net change in fund balance	84,342	(2,253,209)	(1,282)	(2,170,149)
Fund balances at beginning of year	1,029,947	7,121,666	19,065	8,170,678
Fund balances at end of year	\$ 1,114,289	\$ 4,868,457	\$ 17,783	\$ 6,000,529

Twinsburg City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Food Service	Uniform School Supplies	Adult Education	Miscellaneous Local Grants	Public School Support	District Managed Student Activity
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 144,971	\$ 10,381	\$ 57,860	\$ 15,576	\$ 838,426	\$ 130,191
<u>Receivables:</u>						
Accounts	-	-	110	-	-	-
Intergovernmental	28,714	-	-	-	-	-
Inventory held for resale	21,914	-	-	-	-	-
Materials and supplies inventory	5,856	-	-	-	-	-
Total assets	<u>\$ 201,455</u>	<u>\$ 10,381</u>	<u>\$ 57,970</u>	<u>\$ 15,576</u>	<u>\$ 838,426</u>	<u>\$ 130,191</u>
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,031	\$ 2,518
Accrued wages	76,567	-	-	-	23,675	-
Interfund payable	-	-	-	-	27,501	-
Intergovernmental payable	883	-	-	-	343	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>77,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,550</u>	<u>2,518</u>
<u>Fund balances:</u>						
Reserved for encumbrances	2,091	-	-	453	8,885	21,358
Unreserved, undesignated, Reported in special revenue funds	<u>121,914</u>	<u>10,381</u>	<u>57,970</u>	<u>15,123</u>	<u>774,991</u>	<u>106,315</u>
Total fund balances	<u>124,005</u>	<u>10,381</u>	<u>57,970</u>	<u>15,576</u>	<u>783,876</u>	<u>127,673</u>
Total liabilities and fund balances	<u>\$ 201,455</u>	<u>\$ 10,381</u>	<u>\$ 57,970</u>	<u>\$ 15,576</u>	<u>\$ 838,426</u>	<u>\$ 130,191</u>

<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
\$ 31,212	\$ 2,589	\$ 14,510	\$ 500	\$ -	\$ -	\$ 326	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 31,212</u>	<u>\$ 2,589</u>	<u>\$ 14,510</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,514	-	-	-	-	-	-	-	-
<u>24,698</u>	<u>2,589</u>	<u>14,510</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>-</u>	<u>-</u>
<u>31,212</u>	<u>2,589</u>	<u>14,510</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>-</u>	<u>-</u>
<u>\$ 31,212</u>	<u>\$ 2,589</u>	<u>\$ 14,510</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Twinsburg City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Alternative Schools	Poverty Aid	Miscellaneous State Grants	Title VI-B	Title III	Title I
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 123	\$ 15,078	\$ 217	\$ 61,326	\$ -	\$ 7
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	10,157	-	-	140,886	-	15,200
Inventory held for resale	-	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-	-
Total assets	<u>\$ 10,280</u>	<u>\$ 15,078</u>	<u>\$ 217</u>	<u>\$ 202,212</u>	<u>\$ -</u>	<u>\$ 15,207</u>
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 3,438	\$ -	\$ -
Accrued wages	11,903	-	-	80,967	-	26,783
Interfund payable	13,035	-	-	130,936	-	3,320
Intergovernmental payable	173	-	-	1,137	-	202
Deferred revenue	-	-	-	19,724	-	-
Total liabilities	<u>25,111</u>	<u>-</u>	<u>-</u>	<u>236,202</u>	<u>-</u>	<u>30,305</u>
<u>Fund balances:</u>						
Reserved for encumbrances	-	-	-	51,630	-	-
Unreserved, undesignated, Reported in special revenue funds	<u>(14,831)</u>	<u>15,078</u>	<u>217</u>	<u>(85,620)</u>	<u>-</u>	<u>(15,098)</u>
Total fund balances	<u>(14,831)</u>	<u>15,078</u>	<u>217</u>	<u>(33,990)</u>	<u>-</u>	<u>(15,098)</u>
Total liabilities and fund balances	<u>\$ 10,280</u>	<u>\$ 15,078</u>	<u>\$ 217</u>	<u>\$ 202,212</u>	<u>\$ -</u>	<u>\$ 15,207</u>

<u>Title V</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 26	\$ 886	\$ 135	\$ 1,324,340
-	-	-	-	-	110
57	-	2,151	10,977	40	208,182
-	-	-	-	-	21,914
-	-	-	-	-	5,856
<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 2,177</u>	<u>\$ 11,863</u>	<u>\$ 175</u>	<u>\$ 1,560,402</u>
\$ 57	\$ -	\$ -	\$ -	\$ -	\$ 9,044
-	-	-	16,046	-	235,941
-	994	1,700	470	-	177,956
-	-	-	233	-	2,971
-	-	477	-	-	20,201
<u>57</u>	<u>994</u>	<u>2,177</u>	<u>16,749</u>	<u>-</u>	<u>446,113</u>
22	-	-	875	65	91,893
<u>(22)</u>	<u>(994)</u>	<u>-</u>	<u>(5,761)</u>	<u>110</u>	<u>1,022,396</u>
-	(994)	-	(4,886)	175	1,114,289
<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 2,177</u>	<u>\$ 11,863</u>	<u>\$ 175</u>	<u>\$ 1,560,402</u>

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Food Service	Uniform School Supplies	Adult Education	Miscellaneous Local Grants	Public School Support	District Managed Student Activity
Revenues:						
Intergovernmental	\$ 275,450	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,818	-	-	-	2,889	-
Tuition and fees	-	10,702	-	-	294,763	-
Extracurricular activities	-	-	-	-	58,625	261,032
Gifts and donations	-	-	-	8,300	-	-
Charges for services	975,207	-	-	-	-	-
Rent	-	-	6,050	-	-	-
Miscellaneous	-	-	-	10,857	1,464	-
Total revenues	1,257,475	10,702	6,050	19,157	357,741	261,032
Expenditures:						
Current:						
Instruction:						
Regular	-	11,640	-	11,733	4,189	-
Special	-	-	-	5,148	-	-
Vocational	-	-	-	1	-	-
Other	-	-	-	-	-	-
Support services:						
Pupils	-	-	-	-	207,893	-
Instructional staff	-	-	-	-	-	-
Administration	-	-	-	-	18,513	-
Fiscal	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	18,265	-
Pupil transportation	-	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-	-
Operation of food services	1,191,543	-	-	-	-	-
Extracurricular activities	-	-	-	-	66,844	241,343
Capital outlay	-	-	-	-	14,489	-
Total expenditures	1,191,543	11,640	-	16,882	330,193	241,343
Excess of revenues over (under) expenditures	65,932	(938)	6,050	2,275	27,548	19,689
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Net change in fund balance	65,932	(938)	6,050	2,275	27,548	19,689
Fund balances (deficit) at beginning of year	58,073	11,319	51,920	13,301	756,328	107,984
Fund balances (deficit) at end of year	\$ 124,005	\$ 10,381	\$ 57,970	\$ 15,576	\$ 783,876	\$ 127,673

Auxiliary Services	Teacher Development	Management Information Systems	Entry Year Programs	Disadvantaged Pupil Impact Aid	Data Communications	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$ 82,917 959	\$ -	\$ 14,183	\$ 7,700	\$ -	\$ 15,000	\$ 3,925	\$ 2,000	\$ 11,421
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
83,876	-	14,183	7,700	-	15,000	3,925	2,000	11,421
-	-	-	7,200	4,274	-	-	3,014	15,658
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	15,000	-	-	-
-	-	12,999	-	-	-	3,599	-	-
-	-	-	-	-	-	-	-	-
3,400	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
68,019	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
71,419	-	12,999	7,200	4,274	15,000	3,599	3,014	15,658
12,457	-	1,184	500	(4,274)	-	326	(1,014)	(4,237)
-	-	-	-	-	-	-	-	-
12,457	-	1,184	500	(4,274)	-	326	(1,014)	(4,237)
18,755	2,589	13,326	-	4,274	-	-	1,014	4,237
\$ 31,212	\$ 2,589	\$ 14,510	\$ 500	\$ -	\$ -	\$ 326	\$ -	\$ -

(Continued)

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Alternative Schools	Poverty Aid	Miscellaneous State Grants	Title VI-B	Title III	Title I
<u>Revenues:</u>						
Intergovernmental	\$ 42,019	\$ 36,104	\$ 24,375	\$ 863,070	\$ 12,296	\$ 138,387
Interest	-	-	-	-	-	-
Tuition and fees	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Customer services	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>42,019</u>	<u>36,104</u>	<u>24,375</u>	<u>863,070</u>	<u>12,296</u>	<u>138,387</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	-	-	-	-	-	-
Special	2,779	-	-	459,579	12,372	151,439
Vocational	-	-	-	-	-	-
Other	49,266	21,026	-	-	-	-
Support services:						
Pupils	-	-	-	187,731	-	-
Instructional staff	-	-	23,825	170,018	-	3,400
Administration	-	-	-	60,508	-	400
Fiscal	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Pupil transportation	820	-	-	-	-	-
Operation of non-instructional services	-	-	-	2,805	-	1,420
Operation of food services	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>52,865</u>	<u>21,026</u>	<u>23,825</u>	<u>880,641</u>	<u>12,372</u>	<u>156,659</u>
Excess of revenues over (under) expenditures	<u>(10,846)</u>	<u>15,078</u>	<u>550</u>	<u>(17,571)</u>	<u>(76)</u>	<u>(18,272)</u>
<u>Other financing sources (uses):</u>						
Transfers in	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(8,246)	15,078	550	(17,571)	(76)	(18,272)
Fund balances (deficit) at beginning of year	(6,585)	-	(333)	(16,419)	76	3,174
Fund balances (deficit) at end of year	<u>\$ (14,831)</u>	<u>\$ 15,078</u>	<u>\$ 217</u>	<u>\$ (33,990)</u>	<u>\$ -</u>	<u>\$ (15,098)</u>

Title V	Drug Free School Grant	EHA Preschool Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 11,623	\$ 11,734	\$ 26,969	\$ 114,331	\$ 2,284	\$ 1,695,788
-	-	-	-	-	10,666
-	-	-	-	-	305,465
-	-	-	-	-	319,657
-	-	-	-	-	8,300
-	-	-	-	-	975,207
-	-	-	-	-	6,050
-	-	-	-	-	12,321
<u>11,623</u>	<u>11,734</u>	<u>26,969</u>	<u>114,331</u>	<u>2,284</u>	<u>3,333,454</u>
-	4,220	-	126,280	2,111	190,319
11,336	-	-	-	-	642,653
-	-	-	-	-	1
-	-	-	-	-	70,292
-	-	-	-	-	410,624
-	7,627	26,969	-	-	248,437
-	-	-	-	-	79,421
-	-	-	-	-	3,400
-	-	-	-	-	18,265
-	-	-	-	-	820
886	-	-	-	131	73,261
-	-	-	-	-	1,191,543
-	-	-	-	-	308,187
-	-	-	-	-	14,489
<u>12,222</u>	<u>11,847</u>	<u>26,969</u>	<u>126,280</u>	<u>2,242</u>	<u>3,251,712</u>
<u>(599)</u>	<u>(113)</u>	<u>-</u>	<u>(11,949)</u>	<u>42</u>	<u>81,742</u>
-	-	-	-	-	2,600
(599)	(113)	-	(11,949)	42	84,342
<u>599</u>	<u>(881)</u>	<u>-</u>	<u>7,063</u>	<u>133</u>	<u>1,029,947</u>
<u>\$ -</u>	<u>\$ (994)</u>	<u>\$ -</u>	<u>\$ (4,886)</u>	<u>\$ 175</u>	<u>\$ 1,114,289</u>

Twinsburg City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,849,304	\$ 1,648,740	\$ 76,550	\$ 4,574,594
Receivables:				
Taxes	1,167,060	-	-	1,167,060
Interfund receivable	27,501	-	-	27,501
Total assets	<u>\$ 4,043,865</u>	<u>\$ 1,648,740</u>	<u>\$ 76,550</u>	<u>\$ 5,769,155</u>
<u>Liabilities:</u>				
Accounts payable	\$ 579	\$ -	\$ -	\$ 579
Deferred revenue	900,119	-	-	900,119
Total liabilities	<u>900,698</u>	<u>-</u>	<u>-</u>	<u>900,698</u>
<u>Fund balances:</u>				
Reserved for encumbrances	171,372	1,089,831	-	1,261,203
Unreserved, undesignated, Reported in capital projects funds	2,971,795	558,909	76,550	3,607,254
Total fund balances	<u>3,143,167</u>	<u>1,648,740</u>	<u>76,550</u>	<u>4,868,457</u>
Total liabilities and fund balances	<u>\$ 4,043,865</u>	<u>\$ 1,648,740</u>	<u>\$ 76,550</u>	<u>\$ 5,769,155</u>

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006

	Permanent Improvement	Building	Replacement	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>				
Taxes	\$ 1,061,769	\$ -	\$ -	\$ 1,061,769
Intergovernmental	174,258	-	18,634	192,892
Interest	109,732	-	-	109,732
Rent	-	-	2,966	2,966
Total revenues	<u>1,345,759</u>	<u>-</u>	<u>21,600</u>	<u>1,367,359</u>
<u>Expenditures:</u>				
Current:				
Support services:				
Operation and maintenance of plant	670,795	298,391	-	969,186
Pupil transportation	-	-	62,031	62,031
Central	173,388	-	-	173,388
Capital outlay	<u>522,238</u>	<u>1,893,725</u>	<u>-</u>	<u>2,415,963</u>
Total expenditures	<u>1,366,421</u>	<u>2,192,116</u>	<u>62,031</u>	<u>3,620,568</u>
Net change in fund balance	(20,662)	(2,192,116)	(40,431)	(2,253,209)
Fund balances at beginning of year	<u>3,163,829</u>	<u>3,840,856</u>	<u>116,981</u>	<u>7,121,666</u>
Fund balances at end of the year	<u>\$ 3,143,167</u>	<u>\$ 1,648,740</u>	<u>\$ 76,550</u>	<u>\$ 4,868,457</u>

**Individual Fund Schedules of Revenues, Expenditures/Expenses and
Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual
Governmental Funds – Major and Nonmajor**

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
For the Fiscal Year Ended June 30, 2006

General Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 30,745,678	\$ 31,508,166	\$ 762,488
Intergovernmental	5,613,147	5,845,370	232,223
Interest	656,519	762,758	106,239
Tuition and fees	110,744	112,210	1,466
Rent	45,000	48,174	3,174
Payments in lieu of taxes	113,531	113,531	-
Miscellaneous	29,206	29,030	(176)
Total revenues	37,313,825	38,419,239	1,105,414
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	11,385,062	11,355,085	29,977
Fringe benefits	5,948,265	5,512,962	435,303
Purchased services	217,731	201,323	16,408
Materials and supplies	506,500	502,789	3,711
Capital outlay	2,408	2,408	-
Other	73,850	70,580	3,270
Total regular	18,133,816	17,645,147	488,669
Special:			
Salaries and wages	1,656,361	1,647,042	9,319
Fringe benefits	315,757	312,411	3,346
Purchased services	68,744	58,769	9,975
Materials and supplies	3,854	3,616	238
Total special	2,044,716	2,021,838	22,878
Vocational:			
Salaries and wages	210,174	210,168	6
Fringe benefits	28,100	28,093	7
Total vocational	238,274	238,261	13
Total instruction	20,416,806	19,905,246	511,560
Support services:			
Pupils:			
Salaries and wages	1,865,812	1,852,192	13,620
Fringe benefits	474,984	467,074	7,910
Purchased services	179,731	177,786	1,945
Materials and supplies	11,987	11,560	427
Other	109	109	-
Total pupils	2,532,623	2,508,721	23,902
Instructional staff:			
Salaries and wages	402,860	397,903	4,957
Fringe benefits	81,460	81,132	328
Purchased services	56,284	54,560	1,724
Materials and supplies	56,184	53,646	2,538
Other	1,284	1,264	20
Total instructional staff	598,072	588,505	9,567

(Continued)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
For the Fiscal Year Ended June 30, 2006

	General Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Board of education:			
Salaries and wages	15,000	14,313	687
Fringe benefits	108,940	11,992	96,948
Purchased services	259,822	253,511	6,311
Materials and supplies	2,500	2,263	237
Other	61,575	60,233	1,342
Total board of education	<u>447,837</u>	<u>342,312</u>	<u>105,525</u>
Administration:			
Salaries and wages	1,705,297	1,686,964	18,333
Fringe benefits	511,614	504,511	7,103
Purchased services	77,919	69,968	7,951
Materials and supplies	36,414	30,799	5,615
Other	2,919	1,387	1,532
Total administration	<u>2,334,163</u>	<u>2,293,629</u>	<u>40,534</u>
Fiscal:			
Salaries and wages	225,250	225,125	125
Fringe benefits	79,245	58,097	21,148
Purchased services	38,184	34,564	3,620
Materials and supplies	6,354	3,547	2,807
Other	568,923	558,659	10,264
Total fiscal	<u>917,956</u>	<u>879,992</u>	<u>37,964</u>
Business:			
Salaries and wages	36,499	35,950	549
Fringe benefits	14,952	10,245	4,707
Purchased services	2,305	1,824	481
Materials and supplies	44,669	42,205	2,464
Total business	<u>98,425</u>	<u>90,224</u>	<u>8,201</u>
Operation and maintenance of plant:			
Salaries and wages	1,383,707	1,372,676	11,031
Fringe benefits	318,067	316,393	1,674
Purchased services	2,070,246	2,041,453	28,793
Materials and supplies	120,578	120,082	496
Total operation and maintenance of plant	<u>3,892,598</u>	<u>3,850,604</u>	<u>41,994</u>
Pupil transportation:			
Salaries and wages	1,255,427	1,246,087	9,340
Fringe benefits	309,970	309,399	571
Purchased services	58,537	58,203	334
Materials and supplies	274,677	274,677	-
Total pupil transportation	<u>1,898,611</u>	<u>1,888,366</u>	<u>10,245</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
For the Fiscal Year Ended June 30, 2006

	General Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Central:			
Salaries and wages	202,791	198,520	4,271
Fringe benefits	32,619	32,184	435
Purchased services	360,878	354,476	6,402
Materials and supplies	72,801	68,653	4,148
Total central	<u>669,089</u>	<u>653,833</u>	<u>15,256</u>
Total support services	<u>13,389,374</u>	<u>13,096,186</u>	<u>293,188</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	447,000	443,479	3,521
Fringe benefits	3	1	2
Materials and supplies	850	823	27
Other	500	500	-
Total academic and subject oriented activities	<u>448,353</u>	<u>444,803</u>	<u>3,550</u>
Sports oriented activities:			
Salaries and wages	133,195	130,598	2,597
Fringe benefits	17,593	17,531	62
Purchased services	18,000	17,862	138
Materials and supplies	21,860	21,851	9
Total sports oriented activities	<u>190,648</u>	<u>187,842</u>	<u>2,806</u>
School and public service co-curricular activities:			
Purchased services	1,275	1,275	-
Total extracurricular activities	<u>640,276</u>	<u>633,920</u>	<u>6,356</u>
Debt service:			
Principal retirement	69,000	67,000	2,000
Interest and fiscal charges	74,341	74,959	(618)
Total debt service	<u>143,341</u>	<u>141,959</u>	<u>1,382</u>
Total expenditures	<u>34,589,797</u>	<u>33,777,311</u>	<u>812,486</u>
Excess of revenues over (under) expenditures	<u>2,724,028</u>	<u>4,641,928</u>	<u>1,917,900</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	-	1,000	1,000
Refund of prior year expenditures	-	56	56
Advances in	-	45,980	45,980
Advances out	-	(113,934)	(113,934)
Transfers out	-	(2,600)	(2,600)
Total other financing sources (uses)	<u>-</u>	<u>(69,498)</u>	<u>(69,498)</u>
Net change in fund balance	2,724,028	4,572,430	1,848,402
Fund balance at beginning of year	5,621,265	5,621,265	-
Prior year encumbrances appropriated	482,793	482,793	-
Fund balance at end of year	<u>\$ 8,828,086</u>	<u>\$ 10,676,488</u>	<u>\$ 1,848,402</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 214,940	\$ 214,940	\$ -
Interest	6,222	6,818	596
Charges for services	970,868	975,207	4,339
Total revenues	<u>1,192,030</u>	<u>1,196,965</u>	<u>4,935</u>
<u>Expenditures:</u>			
Current:			
Operation of food services	<u>1,170,661</u>	<u>1,149,327</u>	<u>21,334</u>
Net change in fund balance	21,369	47,638	26,269
Fund balance at beginning of year	92,942	92,942	-
Prior year encumbrances appropriated	2,301	2,301	-
Fund balance at end of year	<u>\$ 116,612</u>	<u>\$ 142,881</u>	<u>\$ 26,269</u>

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 10,001	\$ 10,702	\$ 701
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	<u>11,855</u>	<u>11,640</u>	<u>215</u>
Net change in fund balance	(1,854)	(938)	916
Fund balance at beginning of year	9,451	9,451	-
Prior year encumbrances appropriated	1,868	1,868	-
Fund balance at end of year	<u>\$ 9,465</u>	<u>\$ 10,381</u>	<u>\$ 916</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Adult Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Rent	\$ 5,000	\$ 5,997	\$ 997
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	5,000	5,997	997
Fund balance at beginning of year	51,864	51,864	-
Fund balance at end of year	<u>\$ 56,864</u>	<u>\$ 57,861</u>	<u>\$ 997</u>

Miscellaneous Local Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and donations	\$ 7,300	\$ 8,300	\$ 1,000
Miscellaneous	10,700	10,857	157
Total revenues	<u>18,000</u>	<u>19,157</u>	<u>1,157</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	12,856	11,733	1,123
Special	5,148	5,148	-
Vocational	1	1	-
Total expenditures	<u>18,005</u>	<u>16,882</u>	<u>1,123</u>
Net change in fund balance	(5)	2,275	2,280
Fund balance at beginning of year	12,001	12,001	-
Prior year encumbrances appropriated	1,300	1,300	-
Fund balance at end of year	<u>\$ 13,296</u>	<u>\$ 15,576</u>	<u>\$ 2,280</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 2,602	\$ 2,889	\$ 287
Tuition and fees	294,728	294,763	35
Extracurricular activities	58,330	58,625	295
Miscellaneous	1,341	1,464	123
Total revenues	<u>357,001</u>	<u>357,741</u>	<u>740</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	5,310	4,189	1,121
Special	35	-	35
Support services:			
Pupils	234,664	229,178	5,486
Instructional staff	272	-	272
Administration	19,937	18,433	1,504
Operation and maintenance of plant	22,025	20,630	1,395
Operation of non-instructional services	75	-	75
Extracurricular activities	73,882	70,923	2,959
Total expenditures	<u>356,200</u>	<u>343,353</u>	<u>12,847</u>
Net change in fund balance	801	14,388	13,587
Fund balance at beginning of year	790,504	790,504	-
Prior year encumbrances appropriated	23,034	23,034	-
Fund balance at end of year	<u>\$ 814,339</u>	<u>\$ 827,926</u>	<u>\$ 13,587</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 256,003	\$ 266,478	\$ 10,475
<u>Expenditures:</u>			
Current:			
Extracurricular activities	286,631	266,931	19,700
Net change in fund balance	(30,628)	(453)	30,175
Fund balance at beginning of year	86,479	86,479	-
Prior year encumbrances appropriated	19,606	19,606	-
Fund balance at end of year	<u>\$ 75,457</u>	<u>\$ 105,632</u>	<u>\$ 30,175</u>

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 82,917	\$ 82,917	-
Interest	830	959	129
Total revenues	<u>83,747</u>	<u>83,876</u>	<u>129</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	3,400	3,400	-
Operation of non-instructional services	86,969	84,568	2,401
Total expenditures	<u>90,369</u>	<u>87,968</u>	<u>2,401</u>
Net change in fund balance	(6,622)	(4,092)	2,530
Fund balance at beginning of year	70	70	-
Prior year encumbrances appropriated	28,719	28,719	-
Fund balance at end of year	<u>\$ 22,167</u>	<u>\$ 24,697</u>	<u>\$ 2,530</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Teacher Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	2,589	2,589	-
Fund balance at end of year	<u>\$ 2,589</u>	<u>\$ 2,589</u>	<u>\$ -</u>

Management Information Systems Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 14,000	\$ 14,183	\$ 183
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	13,000	12,999	1
Net change in fund balance	1,000	1,184	184
Fund balance at beginning of year	13,327	13,327	-
Fund balance at end of year	<u>\$ 14,327</u>	<u>\$ 14,511</u>	<u>\$ 184</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Entry Year Programs Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 7,700	\$ 7,700	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,200	7,200	-
Net change in fund balance	500	500	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>

Disadvantaged Pupil Impact Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,754	4,754	-
Net change in fund balance	(4,754)	(4,754)	-
Fund balance at beginning of year	4,754	4,754	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Data Communications Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 30,000	\$ 15,000	\$ (15,000)
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	15,000	15,000	-
Net change in fund balance	15,000	-	(15,000)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 15,000	\$ -	\$ (15,000)

SchoolNet Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,925	\$ 3,925	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	3,599	3,599	-
Net change in fund balance	326	326	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 326	\$ 326	\$ -

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Ohio Reads Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,201	\$ 2,201	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,014	3,014	-
Net change in fund balance	(813)	(813)	-
Fund balance at beginning of year	813	813	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summer Intervention Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,421	\$ 11,421	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	15,658	15,658	-
Net change in fund balance	(4,237)	(4,237)	-
Fund balance at beginning of year	3,763	3,763	-
Prior year encumbrances appropriated	475	475	-
Fund balance at end of year	\$ 1	\$ 1	\$ -

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Alternative Schools Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 39,912	\$ 31,862	\$ (8,050)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	2,779	2,779	-
Other	37,277	37,190	87
Support services:			
Pupil transportation	820	820	-
Total expenditures	40,876	40,789	87
Excess of revenues over (under) expenditures	(964)	(8,927)	(7,963)
<u>Other financing sources (uses):</u>			
Advances in	5,450	5,450	-
Transfers in	2,600	2,600	-
Total other financing sources (uses)	8,050	8,050	-
Net change in fund balance	7,086	(877)	(7,963)
Fund balance at beginning of year	539	539	-
Prior year encumbrances appropriated	462	462	-
Fund balance at end of year	\$ 8,087	\$ 124	\$ (7,963)

Poverty Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 36,104	\$ 36,104	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Other	21,026	21,026	-
Net change in fund balance	15,078	15,078	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 15,078	\$ 15,078	\$ -

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 24,375	\$ 24,375	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	23,825	23,825	-
Excess of revenues over (under) expenditures	550	550	-
<u>Other financing sources (uses):</u>			
Advances out	(1,022)	(1,022)	-
Net change in fund balance	(472)	(472)	-
Fund balance at beginning of year	689	689	-
Fund balance at end of year	<u>\$ 217</u>	<u>\$ 217</u>	<u>\$ -</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Title VI-B Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 843,908	\$ 741,908	\$ (102,000)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	452,891	447,388	5,503
Support services:			
Pupils	183,226	183,003	223
Instructional staff	178,549	178,422	127
Administration	57,920	57,920	-
Operation of non-instructional services	2,805	2,805	-
Total expenditures	875,391	869,538	5,853
Excess of revenues over (under) expenditures	(31,483)	(127,630)	(96,147)
<u>Other financing sources (uses):</u>			
Advances in	102,000	102,000	-
Advances out	(43,032)	(43,032)	-
Total other financing sources (uses)	58,968	58,968	-
Net change in fund balance	27,485	(68,662)	(96,147)
Fund balance at beginning of year	30,081	30,081	-
Prior year encumbrances appropriated	44,840	44,840	-
Fund balance at end of year	\$ 102,406	\$ 6,259	\$ (96,147)

Title III Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 12,296	\$ 12,296	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	12,372	12,372	-
Net change in fund balance	(76)	(76)	-
Fund balance at beginning of year	76	76	-
Fund balance at end of year	\$ -	\$ -	\$ -

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 126,502	\$ 123,187	\$ (3,315)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	124,454	124,454	-
Support services:			
Instructional staff	3,400	3,400	-
Administration	400	400	-
Operation of non-instructional services	1,420	1,420	-
Total expenditures	129,674	129,674	-
Excess of revenues over (under) expenditures	(3,172)	(6,487)	(3,315)
<u>Other financing sources (uses):</u>			
Advances in	3,320	3,320	-
Net change in fund balance	148	(3,167)	(3,315)
Fund balance at beginning of year	2,495	2,495	-
Prior year encumbrances appropriated	680	680	-
Fund balance at end of year	\$ 3,323	\$ 8	\$ (3,315)

Title V Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,650	\$ 11,566	\$ (84)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	11,337	11,257	80
Operation of non-instructional services	908	909	(1)
Total expenditures	12,245	12,166	79
Excess of revenues over (under) expenditures	(595)	(600)	(5)
<u>Other financing sources (uses):</u>			
Advances out	(766)	(766)	-
Net change in fund balance	(1,361)	(1,366)	(5)
Fund balance at beginning of year	913	913	-
Prior year encumbrances appropriated	453	453	-
Fund balance at end of year	\$ 5	\$ -	\$ (5)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Drug Free School Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 12,991	\$ 11,981	\$ (1,010)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,232	4,220	12
Support services:			
Instructional staff	7,629	7,627	2
Total expenditures	11,861	11,847	14
Excess of revenues over (under) expenditures	1,130	134	(996)
<u>Other financing sources (uses):</u>			
Advances in	-	994	994
Advances out	(1,160)	(1,160)	-
Total other financing sources (uses)	(1,160)	(166)	994
Net change in fund balance	(30)	(32)	(2)
Fund balance at beginning of year	32	32	-
Fund balance at end of year	\$ 2	\$ -	\$ (2)

EHA Preschool Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 26,995	\$ 25,295	\$ (1,700)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	26,969	26,969	-
Excess of revenues over (under) expenditures	26	(1,674)	(1,700)
<u>Other financing sources (uses):</u>			
Advances in	1,700	1,700	-
Net change in fund balance	1,726	26	(1,700)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 1,726	\$ 26	\$ (1,700)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 103,815	\$ 103,354	\$ (461)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	110,878	110,876	2
Excess of revenues over (under) expenditures	(7,063)	(7,522)	(459)
<u>Other financing sources (uses):</u>			
Advances in	470	470	-
Net change in fund balance	(6,593)	(7,052)	(459)
Fund balance at beginning of year	7,063	7,063	-
Fund balance at end of year	\$ 470	\$ 11	\$ (459)

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,244	\$ 2,244	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,182	2,111	71
Support services:			
Operation of non-instructional services	196	196	-
Total expenditures	2,378	2,307	71
Net change in fund balance	(134)	(63)	71
Fund balance at beginning of year	1	1	-
Prior year encumbrances appropriated	133	133	-
Fund balance at end of year	\$ -	\$ 71	\$ 71

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Bond Retirement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 5,336,718	\$ 5,476,565	\$ 139,847
Intergovernmental	462,907	458,982	(3,925)
Total revenues	<u>5,799,625</u>	<u>5,935,547</u>	<u>135,922</u>
<u>Expenditures:</u>			
Debt service:			
Principal retirement	4,140,061	4,140,000	61
Interest and fiscal charges	1,381,959	1,381,927	32
Total expenditures	<u>5,522,020</u>	<u>5,521,927</u>	<u>93</u>
Net change in fund balance	277,605	413,620	136,015
Fund balance at beginning of year	1,326,809	1,326,809	-
Fund balance at end of year	<u>\$ 1,604,414</u>	<u>\$ 1,740,429</u>	<u>\$ 136,015</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 1,879,190	\$ 924,570	\$ (954,620)
Intergovernmental	174,258	174,258	-
Interest	102,922	109,732	6,810
Total revenues	<u>2,156,370</u>	<u>1,208,560</u>	<u>(947,810)</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Operation and maintenance of plant	46,288	40,867	5,421
Central	258,777	253,388	5,389
Capital outlay	1,364,083	1,269,271	94,812
Total expenditures	<u>1,669,148</u>	<u>1,563,526</u>	<u>105,622</u>
Net change in fund balance	487,222	(354,966)	(842,188)
Fund balance at beginning of year	2,897,361	2,897,361	-
Prior year encumbrances appropriated	186,107	186,107	-
Fund balance at end of year	<u>\$ 3,570,690</u>	<u>\$ 2,728,502</u>	<u>\$ (842,188)</u>

Building Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Capital outlay	3,845,784	3,261,648	584,136
Net change in fund balance	(3,845,784)	(3,261,648)	584,136
Fund balance at beginning of year	3,809,696	3,809,696	-
Prior year encumbrances appropriated	36,144	36,144	-
Fund balance at end of year	<u>\$ 56</u>	<u>\$ 584,192</u>	<u>\$ 584,136</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Replacement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 18,634	\$ 18,634	\$ -
Rent	2,866	2,966	100
Total revenues	<u>21,500</u>	<u>21,600</u>	<u>100</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Pupil transportation	<u>62,030</u>	<u>62,031</u>	<u>(1)</u>
Net change in fund balance	(40,530)	(40,431)	99
Fund balance at beginning of year	116,981	116,981	-
Fund balance at end of year	<u>\$ 76,451</u>	<u>\$ 76,550</u>	<u>\$ 99</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Endowment Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 500	\$ 718	\$ 218
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,000	2,000	2,000
Net change in fund balance	(3,500)	(1,282)	2,218
Fund balance at beginning of year	19,065	19,065	-
Fund balance at end of year	<u>\$ 15,565</u>	<u>\$ 17,783</u>	<u>\$ 2,218</u>

Internal Service Fund

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Employee Benefits Self-Insurance Fund**

Fiduciary Funds

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Scholarships Private Purpose Trust Fund**

**Statement of Changes in Assets and Liabilities
Student Managed Activity - Agency Fund**

Twinsburg City School District
Schedule of Revenues, Expenses
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Employee Benefits Self Insurance Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 398,867	\$ 398,825	\$ (42)
<u>Expenses:</u>			
Fringe benefits	252,145	214,865	37,280
Other	9,191	9,191	-
Total expenses	261,336	224,056	37,280
Net change in fund balance	137,531	174,769	37,238
Fund balance at beginning of year	223,320	223,320	-
Fund balance at end of year	\$ 360,851	\$ 398,089	\$ 37,238

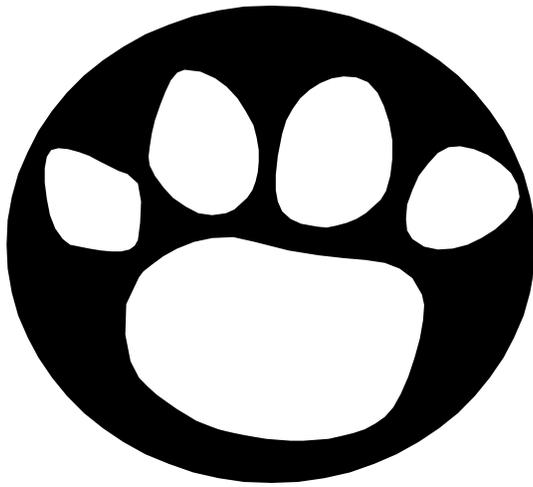
Twinsburg City School District
Schedule of Revenues, Expenses
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Scholarships Private Purpose Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ -	\$ 841	\$ 841
Gifts and donations	-	200	200
Total revenues	-	1,041	1,041
<u>Expenses:</u>			
Current:			
Payments in accordance with trust agreements	-	2,001	(2,001)
Net change in fund balance	-	(960)	(960)
Fund balance at beginning of year	17,999	17,999	-
Prior year encumbrances appropriated	500	500	-
Fund balance at end of year	\$ 18,499	\$ 17,539	\$ (960)

Twinsburg City School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006

	Beginning Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2006</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 209,149	\$ 311,864	\$ 308,410	\$ 212,603
<u>Liabilities:</u>				
Accounts payable	\$ 330	\$ -	\$ 330	\$ -
Due to students	208,819	312,194	308,410	212,603
Total liabilities	<u>\$ 209,149</u>	<u>\$ 312,194</u>	<u>\$ 308,740</u>	<u>\$ 212,603</u>



STATISTICAL SECTION

Statistical Section

This part of the School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2 - S8
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	S9 - S14
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S15 - S17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S18 - S19
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S20 - S26

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

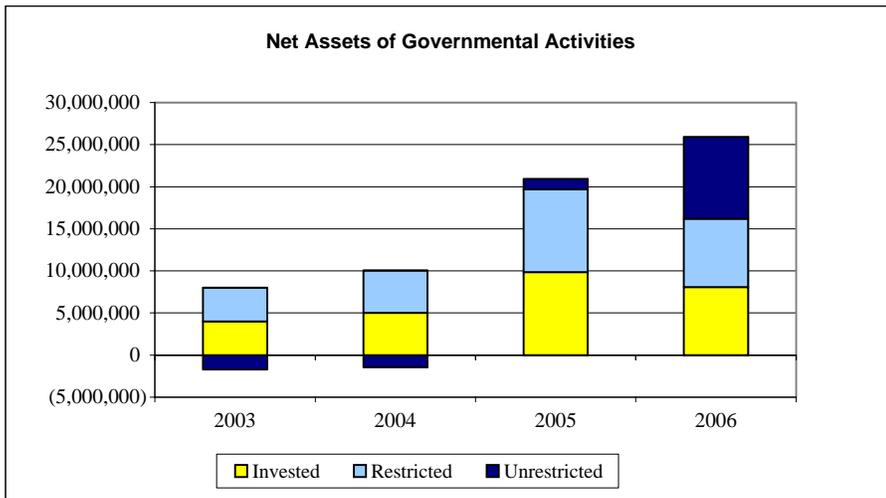
Twinsburg City School District

Net Assets by Component (1)

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in capital assets, net of related debt	\$ 12,392,903	\$ 8,699,470	\$ 5,739,310	\$ 8,833,951
Restricted for:				
Capital projects	1,948,924	2,398,200	7,175,574	4,910,255
Debt service	965,032	1,560,760	1,555,934	2,047,762
Permanent fund - scholarships				
Expendable	9,540	9,693	9,065	7,783
Nonexpendable	10,000	10,000	10,000	10,000
Other purposes	1,063,790	1,036,264	1,094,641	1,116,440
Unrestricted (deficit)	<u>(1,701,288)</u>	<u>(1,455,859)</u>	<u>1,223,847</u>	<u>9,727,433</u>
Total net assets	<u>\$ 14,688,901</u>	<u>\$ 12,258,528</u>	<u>\$ 16,808,371</u>	<u>\$ 26,653,624</u>

(1) Accrual basis of accounting.



Twinsburg City School District

Changes in Net Assets of Governmental Activities (1)

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Regular instruction	\$ 18,081,544	\$ 17,817,167	\$ 18,889,350	\$ 18,811,120
Special instruction	2,066,144	2,450,839	2,358,481	2,654,746
Vocational instruction	232,941	229,257	243,860	242,618
Adult/continuing	1,838	-	-	-
Other	-	-	-	70,292
Pupil support	2,068,969	2,692,062	2,817,449	2,872,792
Instructional staff support	1,041,935	993,063	1,098,918	1,014,004
Board of education	457,425	233,491	336,239	300,089
Administration	1,891,545	2,554,777	2,498,448	2,590,753
Fiscal	743,385	641,556	847,489	879,079
Business	91,832	101,566	88,252	82,509
Operation and maintenance of plant	4,481,000	4,607,766	3,849,243	4,807,732
Pupil transportation	1,368,493	1,811,668	1,735,569	2,066,262
Central	1,126,835	1,005,290	874,937	1,130,148
Operation of non-instructional services	88,192	64,444	96,340	73,261
Operation of food services	1,130,591	1,185,271	1,226,028	1,247,386
Extracurricular activities	877,680	999,200	1,022,754	1,054,860
Interest and fiscal charges	2,218,043	4,612,660	1,597,174	1,879,502
<i>Total expenses</i>	<u>\$ 37,968,392</u>	<u>\$ 42,000,077</u>	<u>\$ 39,580,531</u>	<u>\$ 41,777,153</u>
Program Revenues				
Charges for services:				
Regular instruction	\$ 95,380	\$ 30,583	\$ 23,695	\$ 107,032
Adult/continuing	525	5,448	2,517	6,050
Pupil support	231,803	266,380	223,423	197,492
Administration	-	-	15,236	17,685
Operation and maintenance of plant	-	-	37,922	17,685
Pupil transportation	-	-	-	2,966
Operation of food service	827,242	836,247	885,118	975,207
Extracurricular activities	196,038	247,288	320,195	378,607
Operating grants and contributions:				
Regular instruction	223,232	268,402	411,902	140,669
Special instruction	428,509	479,810	664,605	578,743
Adult/continuing	32,456	704	539	-
Other instruction	-	-	-	78,123
Pupil support	50,975	111,754	47,550	194,761
Instructional staff support	223,074	168,323	73,819	254,449
Administration	11,868	24,189	1,308	67,379
Operation and maintenance of plant	3,043	3,069	3,609	-
Operation of non-instructional services	78,359	93,211	81,623	83,876
Operation of food services	229,287	241,626	257,624	282,268
Extracurricular activities	7,100	-	5,588	1,463
Capital grants and contributions:				
Regular instruction	-	-	-	2,000
Pupil transportation	60,214	19,610	22,119	18,634
<i>Total program revenues</i>	<u>\$ 2,699,105</u>	<u>\$ 2,796,644</u>	<u>\$ 3,078,392</u>	<u>\$ 3,405,089</u>
Net expense	<u>\$ (35,269,287)</u>	<u>\$ (39,203,433)</u>	<u>\$ (36,502,139)</u>	<u>\$ (38,372,064)</u>

(continued)

Twinsburg City School District

Changes in Net Assets of Governmental Activities (1)

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General revenues				
Property taxes levied for:				
General purposes	\$ 27,949,889	\$ 26,589,045	\$ 28,225,106	\$ 33,982,118
Debt service	3,656,916	2,724,649	4,571,337	5,652,231
Capital outlay	1,269,752	1,836,802	1,941,794	1,049,659
Grants and entitlements not restricted to specific programs	5,132,142	5,299,112	5,891,092	6,478,610
Payment in lieu taxes	166,822	118,004	36,233	113,531
Investment earnings	144,319	107,146	315,863	862,930
Miscellaneous	144,850	98,302	70,557	78,238
Total general revenues	<u>\$ 38,464,690</u>	<u>\$ 36,773,060</u>	<u>\$ 41,051,982</u>	<u>\$ 48,217,317</u>
Change in net assets	<u>\$ 3,195,403</u>	<u>\$ (2,430,373)</u>	<u>\$ 4,549,843</u>	<u>\$ 9,845,253</u>

(1) Accrual basis of accounting.

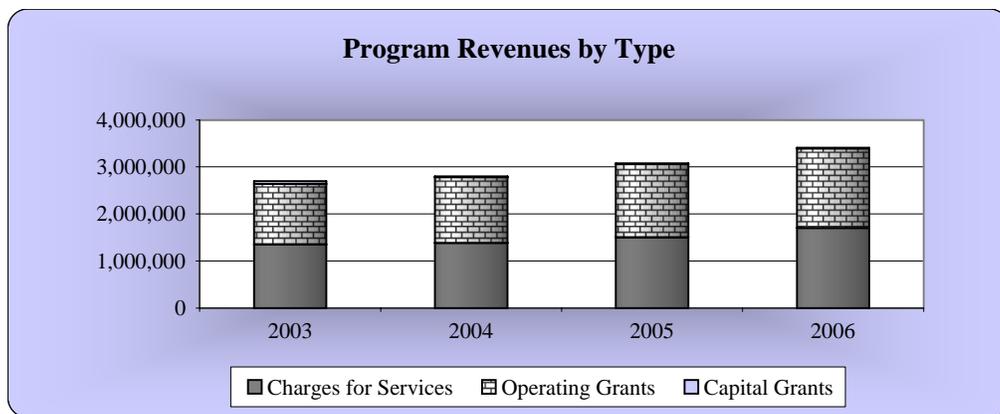
Twinsburg City School District

Program Revenues of Governmental Activities by Function (1)

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
<i>Function</i>				
Regular instruction	\$ 318,612	\$ 298,985	\$ 435,597	\$ 249,701
Special instruction	428,509	479,810	664,605	578,743
Adult/continuing	32,981	6,152	3,056	6,050
Other	-	-	-	78,123
Pupil support	282,778	378,134	270,973	392,253
Instructional staff support	223,074	168,323	73,819	254,449
Administration	11,868	24,189	16,544	85,064
Operation and maintenance of plant	3,043	3,069	41,531	17,685
Pupil transportation	60,214	19,610	22,119	21,600
Operation of non-instructional services	78,359	93,211	81,623	83,876
Operation of food service	1,056,529	1,077,873	1,142,742	1,257,475
Extracurricular activities	203,138	247,288	325,783	380,070
Total program revenues	<u>\$ 2,699,105</u>	<u>\$ 2,796,644</u>	<u>\$ 3,078,392</u>	<u>\$ 3,405,089</u>

(1) Accrual basis of accounting.



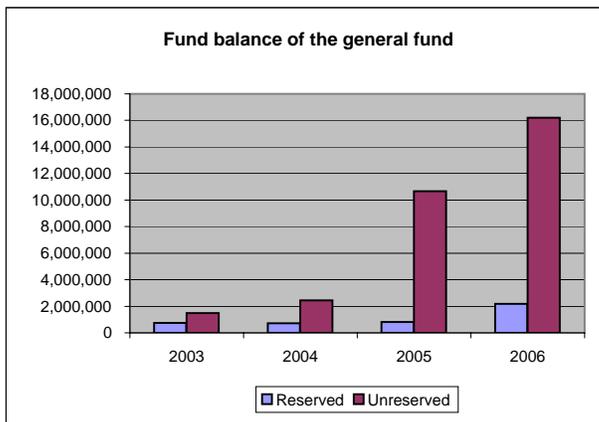
Twinsburg City School District

Fund Balances, Governmental Funds (1)

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Reserved	\$ 424,079	\$ 368,704	\$ 524,590	\$ 826,510
Unreserved	<u>(2,057,621)</u>	<u>(2,140,213)</u>	<u>1,243,286</u>	<u>9,426,710</u>
<i>Total general fund</i>	<u>(1,633,542)</u>	<u>(1,771,509)</u>	<u>1,767,876</u>	<u>10,253,220</u>
All other governmental funds				
Reserved	323,822	353,557	286,549	1,353,096
Unreserved, undesignated, Reported in:				
Special revenue funds	934,145	888,378	940,370	1,022,396
Debt service funds	1,006,843	1,638,808	1,531,064	2,139,079
Capital projects funds	1,583,961	2,046,945	6,924,694	3,607,254
Permanent funds	<u>19,540</u>	<u>19,693</u>	<u>19,065</u>	<u>17,783</u>
Total all other governmental funds	<u>3,868,311</u>	<u>4,947,381</u>	<u>9,701,742</u>	<u>8,139,608</u>
<i>Total governmental funds</i>	<u>\$ 2,234,769</u>	<u>\$ 3,175,872</u>	<u>\$ 11,469,618</u>	<u>\$ 18,392,828</u>

(1) Modified accrual basis of accounting.



Twinsburg City School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Property and other local taxes	\$ 20,147,463	\$ 19,853,354	\$ 22,829,905	\$ 23,174,378	\$ 25,812,191	\$ 28,622,414	\$ 32,491,572	\$ 31,096,530	\$ 34,957,711	\$ 40,918,315
Intergovernmental	3,566,918	3,778,447	3,491,946	4,967,105	5,183,675	6,271,015	6,410,071	6,714,708	7,464,645	8,193,032
Interest	1,988,848	1,880,939	1,224,511	456,746	303,569	256,155	147,646	108,457	320,728	874,314
Tuition and fees	105,214	171,092	313,123	279,449	314,416	377,348	319,907	288,670	302,215	417,627
Extracurricular activities	-	-	-	177,581	170,001	180,725	194,839	247,290	320,196	319,657
Contributions and donations	-	-	-	-	15,679	23,369	20,356	8,686	27,634	8,300
Charges for services	-	-	-	-	-	-	827,242	836,247	885,119	975,207
Rentals	-	-	-	-	22,501	28,149	59,369	49,416	44,669	57,190
Payment in lieu of taxes	-	-	-	-	-	-	166,822	118,004	36,233	113,531
Miscellaneous	193,186	8,534,109	4,512,266	58,938	123,540	945	92,196	50,270	32,575	42,379
<i>Total revenues</i>	<u>26,001,629</u>	<u>34,217,941</u>	<u>32,371,751</u>	<u>29,114,197</u>	<u>31,945,572</u>	<u>35,760,120</u>	<u>40,730,020</u>	<u>39,518,278</u>	<u>44,391,725</u>	<u>51,919,552</u>
Expenditures										
Current:										
Instruction:										
Regular	10,312,191	10,450,974	11,676,127	13,760,176	12,488,526	13,573,715	18,111,286	16,826,822	17,346,211	17,894,562
Special	1,314,811	1,299,922	1,466,402	1,597,536	2,424,283	2,411,199	2,055,824	2,454,219	2,241,483	2,633,876
Vocational	195,118	153,256	160,178	174,720	259,299	284,297	230,600	229,247	232,772	240,854
Other	-	-	-	-	-	-	1,838	-	-	70,292
Support services:										
Pupil	1,095,649	1,192,310	1,482,624	1,983,363	2,179,979	2,536,467	2,041,733	2,706,200	2,699,572	2,915,820
Instructional staff	750,335	749,128	679,688	791,163	879,597	802,519	819,000	777,053	867,334	814,048
Board of education	222,754	212,944	201,369	226,552	307,806	283,451	457,425	233,304	336,239	300,089
Administration	1,110,386	1,263,003	1,350,659	1,779,481	2,381,560	2,376,594	1,726,800	2,422,533	2,250,273	2,424,181
Fiscal	499,521	510,336	548,905	632,154	740,602	723,148	730,101	643,321	835,239	876,719
Business	58,041	484,360	254,397	312,308	178,165	92,647	90,936	101,072	86,201	82,737
Operation and maintenance										
of plant	1,899,601	2,026,154	2,743,723	3,360,100	3,737,020	3,752,609	4,354,068	4,482,957	3,621,779	4,651,777
Pupil transportation	958,037	844,767	1,090,476	1,140,728	1,552,209	1,455,400	1,212,289	1,634,833	1,556,796	1,979,804
Central	78,820	75,508	397,591	647,406	405,884	763,603	1,055,057	935,714	784,494	793,281
Facilities services	4,887,071	22,808,504	23,278,547	-	-	-	-	-	-	-
Operation of non-instructional services										
services	26,606	30,193	27,337	38,584	102,322	164,118	88,192	64,444	96,340	73,261
Operation of food services	-	-	-	-	-	-	1,030,535	1,133,653	1,149,358	1,191,543
Extracurricular activities	520,351	565,595	628,591	765,105	983,279	836,974	770,495	888,048	907,041	947,102
Capital outlay	32,000	112,000	-	3,756,798	1,152,299	279,393	589,840	357,360	650,693	2,675,045

(continued)

Twinsburg City School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt service:										
Principal retirement	723,802	801,198	1,145,689	1,129,276	1,178,333	793,238	1,427,403	1,906,000	2,525,000	3,213,496
Interest and fiscal charges	2,691,332	2,454,065	2,397,343	2,351,063	2,410,542	-	2,223,883	1,257,143	1,535,650	1,462,448
Issuance costs	-	-	-	-	-	2,213,939	-	413,907	-	-
<i>Total expenditures</i>	<u>27,376,426</u>	<u>46,034,217</u>	<u>49,529,646</u>	<u>34,446,513</u>	<u>33,361,705</u>	<u>33,343,311</u>	<u>39,017,305</u>	<u>39,467,830</u>	<u>39,722,475</u>	<u>45,240,935</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(1,374,797)</u>	<u>(11,816,276)</u>	<u>(17,157,895)</u>	<u>(5,332,316)</u>	<u>(1,416,133)</u>	<u>2,416,809</u>	<u>1,712,715</u>	<u>50,448</u>	<u>4,669,250</u>	<u>6,678,617</u>
Other financing sources (uses)										
Sale of capital assets	-	-	1,000	-	1,462	9,900	-	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	-	-	244,593
General obligation bonds issued	-	-	-	-	-	-	-	364,729	-	-
Proceeds of refunding bonds	-	-	-	-	-	6,733,542	-	27,809,925	-	-
Proceeds of notes	-	-	-	-	-	339,000	886,271	-	4,000,000	-
Premium on debt issuance	-	-	-	-	-	-	-	4,141,671	-	-
Discount on debt issuance	-	-	-	-	-	-	-	(25,024)	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(7,164,448)	-	(31,400,646)	-	-
Transfers in	-	-	3,000	4,000	-	7,418	-	29,294	6,124	2,600
Transfers out	-	-	(3,000)	(254,000)	-	(582,418)	-	(29,294)	(6,124)	(2,600)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(250,000)</u>	<u>1,462</u>	<u>(657,006)</u>	<u>886,271</u>	<u>890,655</u>	<u>4,000,000</u>	<u>244,593</u>
<i>Net change in fund balances</i>	<u>\$ (1,374,797)</u>	<u>\$ (11,816,276)</u>	<u>\$ (17,156,895)</u>	<u>\$ (5,582,316)</u>	<u>\$ (1,414,671)</u>	<u>\$ 1,759,803</u>	<u>\$ 2,598,986</u>	<u>\$ 941,103</u>	<u>\$ 8,669,250</u>	<u>\$ 6,923,210</u>
Debt service as a percentage of noncapital expenditures	12.5%	7.1%	7.2%	11.3%	11.1%	9.1%	9.5%	9.1%	10.4%	11.0%

(1) Modified accrual basis of accounting.

Note: For 1997 - 2002, Governmental Funds includes governmental fund types and expendable trust funds; for 2003 - 2006, Governmental Funds includes general, debt service, special revenue, capital projects and permanent funds.

Twinsburg City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

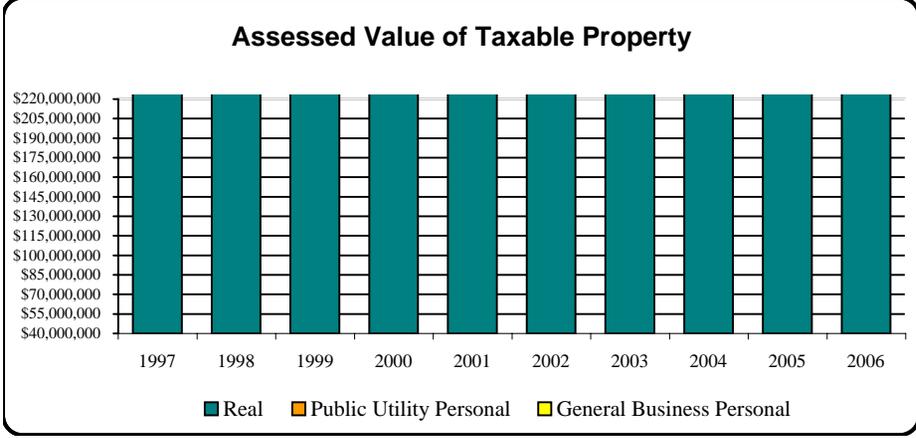
Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total		Ratio
	Assessed Value		Estimated Actual Value	Public Utility	General Business	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Assessed Value					
1997	\$ 391,092,570	\$ -	\$ 1,117,407,343	\$ 21,471,170	\$ 24,399,057	\$ 142,326,467	\$ 569,305,868	\$ 554,890,207	\$ 1,711,112,268	32.43%
1998	423,238,050	-	1,209,251,571	21,194,540	24,084,705	149,854,308	599,417,232	594,286,898	1,832,753,508	32.43%
1999	311,263,570	142,398,530	1,296,177,429	20,839,740	23,681,523	149,854,308	599,417,232	624,356,148	1,919,276,183	32.53%
2000	364,141,200	158,224,240	1,492,472,686	21,027,890	23,895,330	167,490,019	669,960,076	710,883,349	2,186,328,091	32.51%
2001	380,975,130	172,665,660	1,581,830,829	18,901,470	21,478,943	178,844,595	715,378,380	751,386,855	2,318,688,152	32.41%
2002	397,998,420	179,515,110	1,650,038,657	14,926,790	16,962,261	204,899,609	819,598,436	797,339,929	2,486,599,355	32.07%
2003	446,250,770	204,006,680	1,857,878,429	15,280,500	17,364,205	202,151,778	808,607,112	867,689,728	2,683,849,745	32.33%
2004	456,766,720	198,619,190	1,872,531,171	15,165,980	17,234,068	190,605,189	762,420,756	861,157,079	2,652,185,996	32.47%
2005	475,979,920	204,627,250	1,944,591,914	15,270,700	17,353,068	180,390,229	721,560,916	876,268,099	2,683,505,898	32.65%
2006	530,347,920	215,240,090	2,130,251,457	17,352,370	19,718,602	140,072,213	560,288,852	903,012,593	2,710,258,911	33.32%

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Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property is 35% of estimated true value). Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business personal property was assessed in previous years at 25% for machinery and equipment and 23% for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

The personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, the 2 1/2% and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.



Source: Summit County Fiscal Officer.

Twinsburg City School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

Collection Year		City, Township, or Village	Twinsburg CSD	Cuyahoga Valley JVSD	Twinsburg Library	County of Summit	Metro Parks	Total
2006	Macedonia City	8.70	63.05	2.00	1.00	13.07	-	87.82
	Twinsburg Twp	12.86	63.05	2.00	1.00	13.07	-	91.98
	Twinsburg City	1.82	63.05	2.00	1.00	12.22	-	80.09
	Reminderville Village	5.20	63.05	2.00	1.00	13.07	-	84.32
2005	Macedonia City	8.70	63.33	2.00	1.00	12.22	0.85	88.10
	Twinsburg Twp	12.86	63.33	2.00	1.00	12.22	0.85	92.26
	Twinsburg City	1.82	63.33	2.00	1.00	12.22	-	80.37
	Reminderville Village	5.20	63.33	2.00	1.00	12.22	0.85	84.60
2004	Macedonia City	8.70	58.35	2.00	1.00	12.22	0.85	83.12
	Twinsburg Twp	12.86	58.35	2.00	1.00	12.22	0.85	87.28
	Twinsburg City	2.22	58.35	2.00	1.00	12.22	-	75.79
	Reminderville Village	5.20	58.35	2.00	1.00	12.22	0.85	79.62
2003	Macedonia City	8.70	58.02	2.00	1.00	12.22	0.85	82.79
	Twinsburg Twp	13.61	58.02	2.00	1.00	12.22	-	86.85
	Twinsburg City	1.81	58.02	2.00	1.00	12.22	-	75.05
	Reminderville Village	5.20	58.02	2.00	1.00	12.22	-	78.44
2002	Macedonia City	8.70	59.32	2.00	1.70	12.22	0.85	84.79
	Twinsburg Twp	13.61	59.32	2.00	1.70	12.22	-	88.85
	Twinsburg City	1.35	59.32	2.00	1.70	12.22	-	76.59
	Reminderville Village	5.20	59.32	2.00	1.70	12.22	-	80.44
2001	Macedonia City	8.70	53.17	2.00	1.00	12.22	0.85	77.94
	Twinsburg Twp	13.61	53.17	2.00	1.00	12.22	-	82.00
	Twinsburg City	0.60	53.17	2.00	1.00	12.22	-	68.99
	Reminderville Village	5.20	53.17	2.00	1.00	12.22	-	73.59
2000	Macedonia City	8.70	54.77	2.00	1.00	11.42	0.85	78.74
	Twinsburg Twp	13.61	54.77	2.00	1.00	11.42	-	82.80
	Twinsburg City	2.28	54.77	2.00	1.00	11.42	-	71.47
	Reminderville Village	5.20	54.77	2.00	1.00	11.42	-	74.39
1999	Macedonia City	8.70	52.37	2.00	1.00	11.42	0.85	76.34
	Twinsburg Twp	13.61	52.37	2.00	1.00	11.42	-	80.40
	Twinsburg City	0.60	52.37	2.00	1.00	11.42	-	67.39
	Reminderville Village	5.20	52.37	2.00	1.00	11.42	-	71.99
1998	Macedonia City	8.70	53.37	2.00	1.00	10.80	0.85	76.72
	Twinsburg Twp	13.61	53.37	2.00	1.00	10.80	-	80.78
	Twinsburg City	0.60	53.37	2.00	1.00	10.80	-	67.77
	Reminderville Village	7.30	53.37	2.00	1.00	10.80	-	74.47
1997	Macedonia City	8.70	54.02	2.00	0.30	10.54	0.85	76.41
	Twinsburg Twp	13.61	54.02	2.00	0.30	10.54	-	80.47
	Twinsburg City	0.60	54.02	2.00	0.30	10.54	-	67.46
	Reminderville Village	7.30	54.02	2.00	0.30	10.54	-	74.16

Source: Summit County Fiscal Officer.

Note: Data is presented on a collection year basis (not fiscal year) because that is the manner in which the information is maintained by the County Fiscal Officer. Property tax rates are per \$1,000 of assessed valuation.

Twinsburg City School District
Property Tax Levies and Collections (1)
Last Ten Years

<u>Collection Year (2)</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
1996	\$ 20,782,077	\$ 20,209,821	97.25%	\$ 663,532	\$ 20,873,353	100.44%
1997	21,029,837	20,578,752	97.86	642,807	21,221,559	100.91
1998	21,780,553	21,156,380	97.13	872,986	22,029,366	101.14
1999	24,362,596	23,453,016	96.27	1,189,018	24,642,034	101.15
2000	27,727,775	26,535,765	95.70	864,875	27,400,640	98.82
2001	28,987,869	27,609,474	95.24	1,112,101	28,721,575	99.08
2002	34,213,432	32,866,359	96.06	1,524,802	34,391,161	100.52
2003	34,320,816	32,832,242	95.66	1,257,675	34,089,917	99.33
2004	34,714,937	33,193,112	95.62	974,659	34,167,771	98.42
2005	39,597,587	38,230,175	96.55	1,572,222	39,802,397	100.52

Source: Summit County Fiscal Officer.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

Twinsburg City School District

Principal Taxpayers

Real Estate Tax

2005 and 2000 (1)

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2005</u>	
		<u>Rank</u>	<u>Percent of Real Property Assessed Value</u>
Chrysler Corporation	\$ 10,675,660	1	1.22%
Deer Run Apartments Limited	7,699,900	2	0.88%
RSV Twinsburg Hotel LTD	3,943,620	3	0.45%
Twinsburg Residential Associates	3,525,970	4	0.40%
Twinsville Associates	3,453,710	5	0.39%
Twinsburg Equites Group LLC	3,324,170	6	0.38%
Arm Holding LTD & Twinsburg Town Cntr	3,250,100	7	0.37%
Coca Cola Bottling Company	2,928,390	8	0.33%
Alliant Foodservice Inc.	2,852,630	9	0.33%
Pebble Creek Apts.	2,763,900	10	0.32%
Totals	\$ 44,418,050		5.07%
Total assessed valuation	\$ 876,268,099		

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2000</u>	
		<u>Rank</u>	<u>Percent of Real Property Assessed Value</u>
Chrysler Corporation	\$ 11,377,870	1	1.60%
Deer Run Apts. Ltd.	10,012,990	2	1.41%
Twinsville Associates	3,340,430	3	0.47%
Pebble Creek Apts.	3,024,070	4	0.43%
Philip H. Maynard	2,695,960	5	0.38%
General Electric Corp.	2,641,850	6	0.37%
Pepsi Cola General Bottlers	2,411,970	7	0.34%
Trionix Research Labs	2,308,190	8	0.32%
Mid-Continent Telephone Corp	2,211,840	9	0.31%
Concorde Mill Inc.	2,053,910	10	0.29%
Totals	\$ 42,079,080		5.92%
Total assessed valuation	\$ 710,883,349		

Source: Summit County Fiscal Officer.

(1) The amounts presented represent the assessed values upon which 2005 and 2000 collections were based.

Twinsburg City School District

Principal Taxpayers

Tangible Personal Property Tax

2005 and 2003 (1)

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2005</u>	
		<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Daimler Chrysler Corporation	\$ 67,229,180	1	7.67%
Coca Cola Enterprises, Inc.	6,975,810	2	0.80%
Agilysys Inc.	4,630,620	3	0.53%
Pepsi Cola General Bottlers of Ohio, Inc.	4,181,300	4	0.48%
Rockwell Automation, Inc.	3,960,070	5	0.45%
Reuter Stokes, Inc.	3,171,390	6	0.36%
Atlas Steel Products Co	3,075,890	7	0.35%
United Stationers Supply Co.	2,969,090	8	0.34%
Quality Synthetic Rubber Company, Inc	2,661,010	9	0.30%
Hitachi Medical Systems	2,403,260	10	0.27%
Totals	\$ 101,257,620		11.56%
Total assessed valuation	\$ 876,268,099		

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2003</u>	
		<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Daimler Chrysler Corporation	\$ 66,933,840	1	7.71%
Rockwell Automation, Inc.	9,390,380	2	1.08%
Coca Cola Enterprises, Inc.	5,917,270	3	0.68%
Pioneer-Standard Electronics, Inc.	5,802,030	4	0.67%
Alltel Corporation	4,768,210	5	0.55%
Pepsi Cola General Bottlers of Ohio, Inc.	4,347,540	6	0.50%
Reuter Stokes, Inc.	3,388,610	7	0.39%
Atlas Steel Products Co.	3,242,900	8	0.37%
United Stationers Supply Co.	2,753,630	9	0.32%
Quality Synthetic Rubber Company, Inc.	2,404,070	10	0.28%
Totals	\$ 108,948,480		12.56%
Total assessed valuation	\$ 867,689,728		

Source: Summit County Fiscal Officer.

(1) The amounts presented represent the assessed values upon which 2005 and 2003 collections were based.

Twinsburg City School District

Principal Taxpayers

Public Utilities Tax

2005 and 2004 (1)

<u>Name of Taxpayer</u>	<u>2005</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Ohio Edison	\$ 8,268,600	1	0.94%
Western Reserve Telephone	2,606,070	2	0.30%
American Transmission	1,219,040	3	0.14%
East Ohio Gas	1,112,210	4	0.13%
New Cingular Wireless	207,380	5	0.02%
Totals	\$ 13,413,300		1.53%
Total assessed valuation	\$ 876,268,099		

<u>Name of Taxpayer</u>	<u>2004</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Ohio Edison	\$ 7,467,250	1	0.87%
Western Reserve Telephone	3,739,360	2	0.43%
American Transmission	1,462,260	3	0.17%
East Ohio Gas	1,000,880	4	0.12%
AT&T Wireless of Cleveland	421,850	5	0.05%
Totals	\$ 14,091,600		1.64%
Total assessed valuation	\$ 861,157,079		

Source: Summit County Fiscal Officer.

(1) The amounts presented represent the assessed values upon which 2005 and 2004 collections were based.

Twinsburg City School District

Ratio of Outstanding Debt By Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases			
1997	\$ 41,105,000	\$ -	\$ 140,353	\$ 41,245,353	10.98%	\$ 1,947.92
1998	40,325,000	-	118,912	40,443,912	9.58%	1,910.07
1999	39,205,000	-	93,223	39,298,223	7.92%	1,855.97
2000	38,115,000	-	63,975	38,178,975	7.25%	1,803.11
2001	36,970,000	-	30,642	37,000,642	6.51%	1,204.06
2002	35,764,978	339,000	2,403	36,106,381	6.43%	1,174.96
2003	34,339,978	1,225,271	-	35,565,249	6.41%	1,157.35
2004	36,655,125	1,189,000	-	37,844,125	6.41%	1,231.50
2005	34,344,324	5,124,000	-	39,468,324	6.20%	1,284.36
2006	32,510,312	4,057,000	218,097	36,785,409	n/a	1,197.05

Source: School District Financial Records.

Twinsburg City School District
Computation of Direct and Overlapping Bonded Debt
June 30, 2006

<u>Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping</u>	<u>Amount Applicable Twinsburg City School District</u>
Direct:				
Twinsburg City School District	\$ 903,012,593	<u>\$ 36,567,312</u>	100.00%	<u>\$ 36,567,312</u>
Overlapping:				
City of Twinsburg	674,600,457	13,716,089	100.00%	13,716,089
Twinsburg Township	146,811,032	-	0.00%	-
City of Macedonia	406,086,823	853,944	96.00%	819,786
Reminderville Village	57,518,320	1,200,000	89.58%	1,074,960
Twinsburg Library	876,268,099	-	100.00%	-
Metro Transit	12,130,303,957	1,345,000	7.24%	97,378
Cuyahoga Valley JVSD (2)	2,597,615,640	-	14.86%	-
Summit County	12,130,303,957	<u>70,270,000</u>	7.24%	<u>5,087,548</u>
Total overlapping:		<u>87,385,033</u>		<u>20,795,761</u>
Total direct and overlapping debt:		<u>\$ 123,952,345</u>		<u>\$ 57,363,073</u>

Sources: Summit County Fiscal Officer.

(1) All debt reported as of December 31, 2005, except for Twinsburg City School District which is reported as of June 30, 2006.

(2) Cuyahoga Valley JVSD; Summit County Valuation ONLY.

Twinsburg City School District
Computation of Legal Debt Margin
Last Eight Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax Valuation	<u>\$ 624,356,148</u>	<u>\$ 710,883,349</u>	<u>\$ 751,386,855</u>	<u>\$ 797,339,929</u>	<u>\$ 867,689,728</u>	<u>\$ 861,157,079</u>	<u>\$ 876,268,099</u>	<u>\$ 903,012,593</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>56,192,053</u>	<u>63,979,501</u>	<u>67,624,817</u>	<u>71,760,594</u>	<u>78,092,076</u>	<u>77,504,137</u>	<u>78,864,129</u>	<u>81,271,133</u>
Amount of Debt Applicable to Debt Limit								
General Obligation Bonds	39,205,000	38,115,000	36,970,000	35,764,978	34,339,978	36,655,125	34,344,324	32,510,312
Various Purpose Notes	-	-	-	339,000	1,225,271	1,189,000	5,124,000	4,057,000
Less Amount Available in Debt Service	<u>(265,566)</u>	<u>(124,614)</u>	<u>(810,131)</u>	<u>(1,152,139)</u>	<u>(1,006,843)</u>	<u>(1,638,808)</u>	<u>(1,531,064)</u>	<u>(2,139,079)</u>
Amount of Debt Subject to Limit	<u>38,939,434</u>	<u>37,990,386</u>	<u>36,159,869</u>	<u>34,951,839</u>	<u>34,558,406</u>	<u>36,205,317</u>	<u>37,937,260</u>	<u>34,428,233</u>
Legal Debt Margin	<u>\$ 17,252,619</u>	<u>\$ 25,989,115</u>	<u>\$ 31,464,948</u>	<u>\$ 36,808,755</u>	<u>\$ 43,533,670</u>	<u>\$ 41,298,820</u>	<u>\$ 40,926,869</u>	<u>\$ 46,842,900</u>
Legal Debt Margin as a Percentage of the Debt Limit	30.70%	40.62%	46.53%	51.29%	55.75%	53.29%	51.90%	57.64%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 624,356	\$ 710,883	\$ 751,387	\$ 797,340	\$ 867,690	\$ 861,157	\$ 876,268	\$ 903,013
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 624,356</u>	<u>\$ 710,883</u>	<u>\$ 751,387</u>	<u>\$ 797,340</u>	<u>\$ 867,690</u>	<u>\$ 861,157</u>	<u>\$ 876,268</u>	<u>\$ 903,013</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: School District Financial Records.

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

Twinsburg City School District

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate (3)</u>
1997	21,174	\$ 421,995	\$20	4.4%
1998	21,174	496,224	23	4.0%
1999	21,174	526,629	25	4.2%
2000	30,730	568,444	18	4.0%
2001	30,730	561,361	18	4.3%
2002	30,730	555,173	18	5.5%
2003	30,730	590,187	19	5.7%
2004	30,730	636,083	21	6.1%
2005	30,730	n/a	n/a	5.8%
2006	30,730	n/a	n/a	4.9%

Sources: (1) U.S. Bureau of Census, Census of Population.

(2) Ohio Department of Taxation.

(3) U.S. Department of Labor.

Twinsburg City School District

Principal Employers

Current Year and Six Years Ago

Employer	Nature of Business	2006			2001		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Daimler Chrysler Corp	Automotive stamping	2,000	1	395.26%	2,800	1	691.36%
Rockwell International/Allen Bradley	Programmable controls	600	2	118.58%	580	3	143.21%
The School District	Education	506	3	100.00%	405	4	100.00%
Hitachi Medical Systems	Medical equipment	383	4	75.69%	-		0.00%
Pepsi-Cola Bottlers	Soft drink bottling	300	5	59.29%	300	5	74.07%
Wedge Products	Pipe and metal products	300	6	59.29%	-		0.00%
Mid-America Packaging	Multi-wall paper packaging	250	7	49.41%	300	6	74.07%
U. S. Food Service	Wholesale food distribution	250	8	49.41%	-		0.00%
The City	Government	190	9	37.55%	216	8	53.33%
General Die Casters	Aluminum and zink die castings	175	10	34.58%	-		0.00%
Cole Vision Corp	Optical products	-		0.00%	670	2	165.43%
Quality Synthetic Rubber Co.	Custom-molded components	-		0.00%	300	7	74.07%
ITW Autosleeve	Plastic containers	-		0.00%	200	9	49.38%
Forest Group	Specialty printing/applied technology	-		0.00%	200	10	49.38%
Total		4,954		979.05%	5,971		1474.32%

Source: 2006 Harris Ohio Industrial Directory.

The City of Twinsburg's Comprehensive Plan.

Twinsburg City School District
School District Employees by Function/Program
Last Three Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Regular instruction			
Elementary classroom teachers	109	110	117
Intermediate classroom teachers	37	37	36
High school classroom teachers	55	55	55
Special instruction			
Academically gifted teachers			
Muti handicapped teachers	6	7	12
Severe behavior handicapped teachers	5	5	5
Developmentally handicapped teachers	4	4	4
Specific learning disabled teachers	16	16	14
Other	4	5	6
Vocational instruction			
High school classroom teachers	3	3	3
Pupil support services			
Guidance counselors	10	12	11
Librarians	6	6	6
Psychologists	4	4	4
Speech and language pathologists	5	5	5
Aides	1	1	2
Computer	5	5	5
Other	50	52	63
Administrators			
Elementary	2	2	2
Intermediate	3	3	3
Middle School	2	2	2
High school	3	3	3
Operation of plant			
Custodians & Maintenance	35	36	38
Security	2	2	3
Pupil transportation			
Bus drivers	38	37	39
Bus aides	2	3	3
Maintenance	2	2	3
Food service program			
Director	1	1	1
Cooks	30	32	33

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2004 is not available.

Source: School District records.

Twinsburg City School District

Operating Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
1997	n/a	2,980	n/a	n/a	n/a	n/a	11.93%
1998	n/a	3,143	n/a	n/a	n/a	n/a	12.14%
1999	n/a	3,371	n/a	n/a	n/a	n/a	12.42%
2000	n/a	3,675	n/a	n/a	n/a	n/a	10.62%
2001	n/a	3,710	n/a	n/a	229.9	16.1	10.59%
2002	n/a	3,754	n/a	n/a	230.0	16.3	11.86%
2003	\$ 37,968,392	3,807	\$9,973	0.03%	232.7	16.4	12.03%
2004	\$ 42,000,077	3,953	\$10,625	0.03%	226.5	17.5	12.76%
2005	\$ 39,580,531	3,872	\$10,222	0.03%	226.5	17.1	13.55%
2006	\$ 41,777,153	4,073	\$10,257	0.02%	225.4	18.1	13.04%

Source: School District Records, Ohio Department of Education.

Twinsburg City School District

Building Statistics

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Wilcox Elementary										
Constructed in 1960										
Total building square footage	67,356	67,356	67,356	85,350	85,350	85,350	85,350	85,350	85,350	85,350
Enrollment grades Pre K-1										
Student capacity	925	925	925	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Regular instruction classrooms	37	37	37	43	43	43	43	43	43	43
Regular instruction teachers	27	27	26	27	28	27	27	27	28	28
Special instruction classrooms	10	10	8	8	7	5	5	5	5	5
Special instruction teachers	10	10	8	8	7	5	5	5	5	5
Bissell Elementary										
Constructed in 1963										
Total building square footage	71,435	73,309	73,309	73,684	73,684	73,684	73,684	73,684	73,684	73,684
Enrollment grades 2-3										
Student capacity	940	965	965	975	975	975	975	975	975	975
Regular instruction classrooms	34	34	34	34	34	34	34	34	34	34
Regular instruction teachers	33	33	26	28	26	25	28	28	30	31
Special instruction classrooms	8	9	9	7	7	6	6	6	7	7
Special instruction teachers	8	9	9	7	7	6	6	6	7	7
Dodge Intermediate School										
Constructed in 1969										
Total building square footage	119,410	119,410	119,410	119,410	119,410	119,410	119,410	119,410	119,410	119,410
Enrollment grades 4-6										
Student capacity	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045
Regular instruction classrooms	41	41	41	41	41	41	41	41	41	41
Regular instruction teachers	50	51	41	40	41	46	47	47	49	47
Special instruction classrooms	8	8	7	7	7	8	8	8	9	9
Special instruction teachers	8	8	7	7	7	8	8	8	9	9
RB Chamberlin Middle School										
Constructed in 1958										
Total building square footage	128,994	128,994	128,994	128,994	128,994	128,994	128,994	128,994	128,994	128,994
Enrollment grades 7-8										
Student capacity	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032
Regular instruction classrooms	55	55	55	55	55	55	55	55	55	55
Regular instruction teachers	41	41	30	31	31	33	33	34	34	33
Special instruction classrooms	7	7	7	7	8	9	9	9	9	9
Special instruction teachers	7	7	7	7	8	9	9	9	9	9
Twinsburg High School										
Constructed in 1999										
Total building square footage	n/a	n/a	286,719	286,719	286,719	286,719	286,719	286,719	286,719	286,719
Enrollment grades 9-12										
Student capacity	n/a	n/a	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717
Regular instruction classrooms	n/a	n/a	52	52	52	52	52	52	52	64
Regular instruction teachers	n/a	n/a	51	51	51	51	51	51	52	56
Special instruction classrooms	n/a	n/a	6	6	6	6	7	7	8	8
Special instruction teachers	n/a	n/a	6	6	6	6	7	7	8	8

Twinsburg City School Distric
Teachers' Salaries
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Twinsburg City School District Average Salary</u>	<u>Statewide Average Salary (4)</u>
1997	\$ 41,448	n/a
1998	42,870	n/a
1999	43,938	n/a
2000	47,463	n/a
2001	46,125	\$ 42,995
2002	45,699	43,755
2003	49,291	45,645
2004	50,868	47,659
2005	52,394	49,438
2006	55,576	50,772

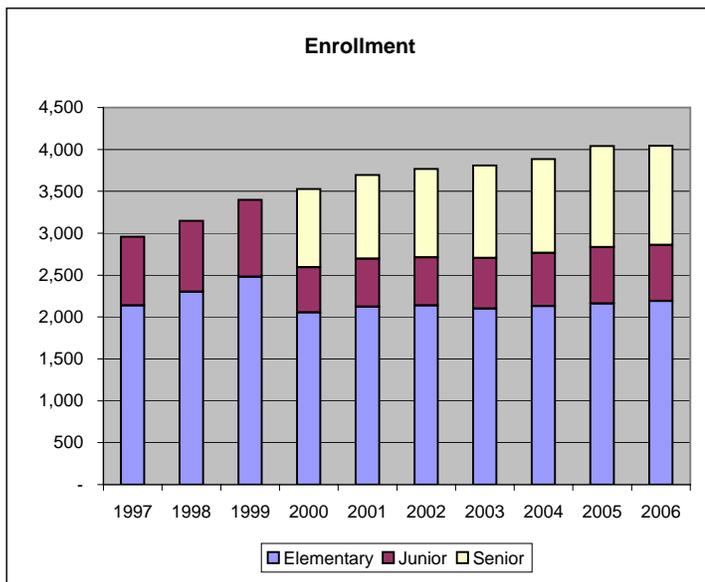
Source: Ohio Department of Education.

Twinsburg City School District

Enrollment Statistics

Last Ten Fiscal Years

Fiscal Year	Elementary Schools	Junior High School	Senior High School	Total
1997	2,137	823	n/a	2,960
1998	2,300	847	n/a	3,147
1999	2,479	921	n/a	3,400
2000	2,053	542	934	3,529
2001	2,124	573	999	3,696
2002	2,138	573	1,057	3,768
2003	2,101	603	1,103	3,807
2004	2,129	636	1,119	3,884
2005	2,160	672	1,208	4,040
2006	2,191	667	1,187	4,045



Source: Ohio Department of Education.

Twinsburg City School District
Average Number of Students per Teacher
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Local SD Average</u>	<u>State Average</u>
1997	19.4	20.7
1998	20.0	20.4
1999	19.3	18.6
2000	19.6	18.1
2001	19.1	18.0
2002	18.5	16.9
2003	18.6	16.5
2004	19.5	18.5
2005	20.2	18.5
2006	21.4	18.6

Source: Ohio Department of Education.

Twinsburg City School District

Attendance and Graduation Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Twinsburg City School District Attendance Rate</u>	<u>State Average</u>	<u>Twinsburg City School District Graduation Rate</u>	<u>State Average</u>
1997	95.3%	93.3%	87.6%	n/a
1998	95.7%	93.6%	91.2%	79.9%
1999	95.2%	93.5%	91.8%	81.4%
2000	95.9%	93.6%	91.5%	80.7%
2001	95.5%	93.9%	89.5%	81.2%
2002	95.7%	94.3%	93.1%	82.8%
2003	95.8%	94.5%	95.5%	83.9%
2004	96.1%	94.5%	95.9%	84.3%
2005	95.8%	94.3%	95.7%	85.9%
2006	95.8%	94.1%	95.8%	86.2%

Source: Ohio Department of Education Local Report Cards.



Mary Taylor, CPA
Auditor of State

TWINSBURG CITY 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