

Comprehensive Annual Financial Report



OLENTANGY | LOCAL SCHOOLS



Board of Education

Olentangy Local school District
Lewis Center, OH

For the Fiscal Year Ended June 30, 2005



Olentangy Local School District

Lewis Center, Ohio

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2005

Issued by:

Office of the Treasurer

Andrew L. Geistfeld
Treasurer

OLENTANGY LOCAL SCHOOL DISTRICT

INTRODUCTORY SECTION



OLENTANGY LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2005

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OLENTANGY LOCAL SCHOOL DISTRICT

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**OLENTANGY LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for fiscal year ended June 30, 2005**

*Our mission is
to facilitate
maximum learning
for every student*

Adopted June 27, 2000

OLENTANGY | LOCAL SCHOOLS



OFFICE OF THE TREASURER

814 Shanahan Road, Suite 100

Lewis Center, OH 43035

October 31, 2005

To the Board of Education and the Citizens of the Olentangy Local School District:

On behalf of the Olentangy Local School District (the District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2005. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This CAFR is presented in three sections:

- The **Introductory Section** includes a title page, the table of contents, this transmittal letter, a list of principal officials, and the District's organizational chart.
- The **Financial Section** includes the independent auditor's report on the financial statements, management's discussion and analysis, basic financial statements, required supplementary information, and the combining and individual fund financial statements and schedules that provide detailed information relative to the basic financial statements.
- The **Statistical Section** includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purpose.

The Office of the Treasurer is responsible for the accuracy of the data presented and the completeness and fairness of this presentation. We believe the data presented is accurate in all material respects.

In addition, this report is designed so that a reader can acquire the maximum understanding of the District's financial activity. This report is provided as a way for the District to communicate openly about the District's finances with its stakeholders.

Comments on the report are welcome and requests for additional financial information can be obtained by contacting the Olentangy's Office of the Treasurer.

Reporting Entity

The District, one of 612 public school districts in the State of Ohio and four in the County of Delaware, provides education to approximately 9,600 students in grades K through 12 as of June 2005. It is located in Delaware and Franklin Counties in Central Ohio, and approximately fifteen miles north of the City of Columbus. The District was created by the consolidation in 1952 of the Liberty, Hyatt, Orange and Berlin Township schools to form the Olentangy Local School District. Less than one square mile of the District's area is located in Franklin County. The School District's total area is approximately 110 square miles

Included in the District's territory are all or portions of the following cities, townships and villages:

City of Columbus	Concord Township
City of Powell	Delaware Township
City of Westerville	Genoa Township
Berkshire Township	Liberty Township
Berlin Township	Orange Township
City of Delaware	

The District is an independent political subdivision of the State of Ohio and operates subject to the provisions of the Ohio Constitution and various sections of the Revised Code. Under such laws, there is no authority for the District to have a charter or adopt local laws. The District is not a part of, nor under the control of, any village, township or any other municipality.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the school district only (i.e. there are no component units).

Organization of the School District

An elected five-member Board of Education (the Board) serves as the taxing authority and policy maker for the District. The Board adopts an annual tax budget and an annual appropriations resolution, which serves as the basis for control over and authorization for all expenditures of District tax money. The Board directly approves all personnel-related expenditures.

The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. The Treasurer is the chief financial officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as permitted by Ohio law. Other administrative personnel reporting to the Superintendent include the Assistant Superintendent, Director of Personnel, Director of Continuous Improvement, Director of Facilities and Development, Director of Business, Director of Curriculum, Director of Pupil Services, the School Principals, and various other positions.

Economic Outlook

The District is considered a high wealth district. The valuation per pupil for fiscal year 2005 was \$237,728 compared to the State average of \$126,154. A comparison of the median Ohio adjusted gross income shows that Olentangy was approximately \$33,500 higher than the state average in tax year 2002. The District's 2004-05 expenditure per pupil was \$8,828, compared to the state average of \$9,052.

The District is located in a high growth area. The revenue raised by 1 mill is approximately \$2.29 million compared to the state average of \$376 thousand. The valuation increase for the 5-year period ended December 2005 was over 68%.

The commercial tax base of the District continues to grow at a growing pace. The Polaris development provides the heaviest concentration of office and retail development. The corner stones of this area consist of a 1,500,000 square foot regional mall and a 1,200,000 square foot Banc One office complex.

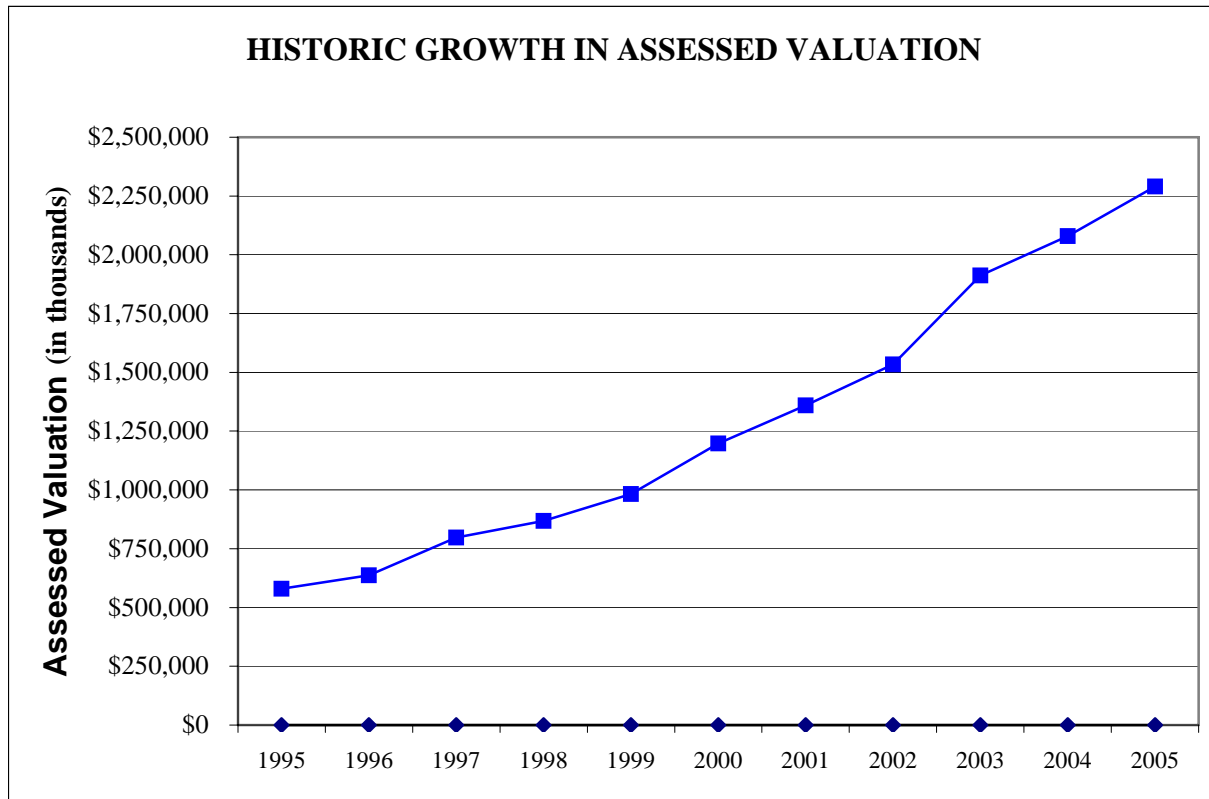
The fashion mall opened in October 2001. The total value of the completed project was approximately \$118 million, however; parcels surrounding the mall are still being developed

Additionally, several stand alone stores and retail centers are in the process of being constructed. In mid 2004, a 60,000 square foot retail center anchored by a fitness center opened in the corridor and in 2005 a \$16 million 18-screen cinema development that includes shopping and dining opened. Also, a \$200 million complex consisting of office buildings, stores and a hotel are planned for the fall of 2006.

The Polaris development is located within a tax increment-financing (TIF) district created by the City of Columbus. The School District is not a participant in the TIF. The TIF district is capturing only non-school real property tax revenues.

All the additional commercial and residential growth has led to increased traffic in the Polaris area. The Ohio Department of Transportation broke ground in July 2005 to revamp the Polaris exit on I-71 (major interstate that crosses the state of Ohio) and an additional exit will also be constructed off I-71. Construction on these exits is on-going.

In other developments, the Kroger Company completed construction of a distribution facility in the northern portion of the District. This facility consists of approximately 758,000 square feet and is located on 165 acres. Kroger transferred approximately 270 employees and created an additional 200 new jobs in year one. Delaware County, with input from the District, abated various portions of this project. Over the next 10 years the District will receive approximately \$8 million in revenue from this development.



Source: Delaware County Auditor (note: years of sexennial reappraisal 1994 & 2000; year of triennial appraisal 1997 & 2003). Includes real and personal property values. Does not include abated property values or tax incremental financing district property values.

Considerable residential development has also been occurring and planning continues within the District. Since 2000, the number of single family building permits issued annually within the District has increased by 74% from 917 permits in 2000 to over 1,700 permits in 2005.

While the tremendous growth provides revenue enhancing opportunities, it also provides challenges and expenditure pressures. The District, along with many other public school systems in the state, still face some difficult economic situations in the future since the primary funding source is property tax revenue. Ohio law limits growth in real estate tax revenues by reducing millage as assessed values increase. This keeps revenues from each levy relatively constant. Statewide voters have proved reluctant to increase property taxes. Although the District has received additional revenue from the valuation growth of new construction within the District, the increased expenditures from the enrollment growth have outpaced the additional revenue.

The District, therefore, placed a 10.5 mill-operating levy on the March 2004 ballot that was successful and will allow the District to maintain the quality educational services that the District has been accustomed to providing. The District received its first collection of the 10.5 mill-operating levy in March 2005.

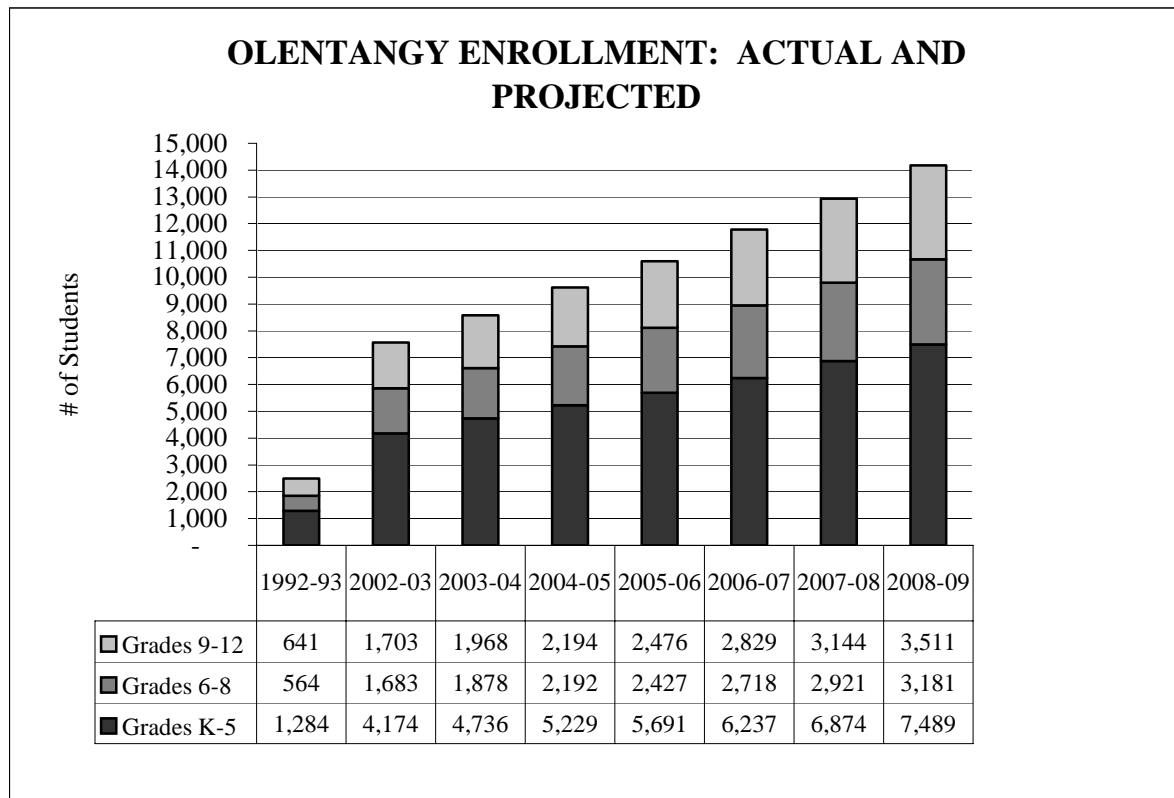
In October 2005, the Board entered into a two-year agreement effective July 1, 2005 to June 30, 2007 with the Olentangy Teachers Association (OTA). These negotiations established the wage and benefit levels for the District's certificated employees.

In 2002, the Board entered into a three-year agreement effective July 1, 2002 to June 30, 2005 with the Ohio Association of Public School Employees (OAPSE) and AFSCME AFL-CIO Local #322 (transportation drivers). The board is currently in negotiations with this organization and expects a settlement in the near future.

In 2003, the Board entered into a four-year agreement effective July 1, 2003 to June 30, 2007 with the Ohio Association of Public School Employees (OAPSE) and AFSCME AFL-CIO Local #039 (maintenance and custodians).

Enrollment Growth

The District's enrollment is the fastest growing in the State of Ohio based on actual numbers in fiscal years 2004 and 2005. The District's enrollment grew by over 1,000 students in 2005 and 2004. Enrollment for school year 1987-88 was 1,618 while enrollment for the 2004-05 school year was approximately 9,600. During the last five years the District has experienced enrollment growth ranging from 11% to 14%. The enrollment projections, as well as development projections, indicate that the growth will continue well into this century. Student enrollment projections for the year 2008-09 indicate an enrollment of approximately 14,200 and 24,605 by 2016-17.



Source: the above 5-year projections (from 2005-06 to 2008-09) came from the combined work of the Dejong & Associates and the District's Development Committee and are based upon 1600 new home starts each year. The figures for 1992-93, 2002-03 to 2004-05 are actual enrollment figures as of May of the respective year.

Building Facilities

The District is fortunate in that we have been able to keep pace with the district's rapidly growing student enrollment. Since 1989 the District has grown from utilizing only the Shanahan building to a total of thirteen school buildings in the 2004-05 school year (an additional elementary school building will be added in 05-06).

The District's Development Committee (committee of citizens) is always evaluating the construction needs that will exist within the District in the future. The District continues to face the challenge of forecasting the number of students that will be entering the schools each year and trying to provide adequate space to house the influx (*see below*).

The residents of the District have been supportive regarding the construction needs of the District. Since May of 1999, District residents have supported five consecutive bond levies. The most recent bond levy was for \$61.6 million in March 2004, which included three elementary schools, a middle school, funds to purchase land for future school buildings and funds for technology/textbooks/buses.

Since 1999 the District has constructed, is in the process of constructing or has voter approval for the following schools/buildings:

Oak Creek Elementary (FY 2001)	Tyler Run Elementary (FY 2002)
Liberty Middle School (FY 2002)	Bus/Maintenance Compound (FY 2003)
Liberty High School (FY 2004)	Walnut Creek Elementary (FY 2004)
Indian Springs Elementary (FY 2004)	Orange Middle School (FY 2005)
Glen Oak Elementary (FY 2006*)	Olentangy Meadows Elem. (FY 2007*)
Liberty Tree Elementary (FY 2008*)	Hyatts Middle School (FY 2008*)

* - Thanks to the voters of our District, the District has been able to plan ahead for the next few years with the bond issues previously mentioned. The dates listed are the projected opening school year; however these dates are contingent on availability of land, access to utilities and good weather for construction.

The District has a \$77 million bond levy on the November 2005 ballot. This bond package includes the following items: 12th elementary, 3rd high school, permanent improvement on various facilities, buses/van and textbooks.

Educational Program

As of May 2005, 9,615 students were enrolled in the Olentangy Local School District. In the 2004-05 academic year, Olentangy had eight elementary schools, three middle schools and two high schools; in the 2005-06 academic year, the district added an elementary school.

In the 2004-05 academic year, Olentangy remained the fastest growing school district in Ohio with an increase of 1,000 new students from the previous academic year. Current enrollment projections show that Olentangy will continue with similar student increases.

Faculty at each level is supported by a Curriculum Department and Continuous Improvement Department. Efforts to continuously improve teaching and learning are guided by Olentangy's Continuous Improvement Plan (CIP). In addition, regular updates to courses of study are made with the involvement of the faculty and input from the community.

Olentangy's curriculum includes a wide range of electives and comprehensive courses of study in college preparatory, liberal arts and vocational programs. Test scores indicate that Olentangy students generally achieve higher than national averages.

A full range of extracurricular programs and activities are available to students beginning at the elementary level. A complete competitive athletics program is offered beginning at the middle school level. An intramural sports program is also offered to students at selected grade levels throughout the District.

The following includes certain District and student achievement highlights from the 2004-05 academic year which illustrate the quality of educational programming in the school district:

- Percent of students achieving at or above the anticipated level indicated by their ability rose in total score and in every subject in grades three and five;
- District made 100% of state indicators for the third time in four years;
- District met all federal standards for adequate yearly progress for each of our subgroups of students for the third year in a row;
- Highest level of participation in Advance Placement classes ever noted – 48% of juniors and seniors;
- 10 National Merit Scholars (8 commended students and 2 semi-finalists).

Major Initiatives in Education:

In 2000, the District developed a Continuous Improvement Plan (CIP). The Board adopted this plan for the school year beginning July 1, 2000. The CIP was developed with the following vision (revised in 2003):

Vision of the District

Our students will perform at a level that surpasses or is equal to their predicted level of achievement based on measured ability. We will promote high expectations for students in all areas: academic, artistic, physical, health, citizenship, and service. In a fiscally responsible manner, we will commit the resources necessary to establish and maintain:

- A respectful, caring, and safe environment
- Research-based, student focused instruction
- Information-driven decision making
- A focused and challenging curriculum
- Collaboration focused on improving student learning
- An active partnership with parents and community

The following is our district Continuous Improvement Plan to build this vision:

Respectful, Caring & Safe Environment

Long-Range Goals:

1. Provide professional development for staff to foster a positive learning environment.
2. Create and update crisis/security/emergency plans.
3. Provide safe, efficient and excellent services.

Research-Based, Student-Focused Instruction

Long-Range Goals:

4. Provide professional development in research-based strategies.
5. Develop Resource Bank for map indicators.
6. Select resources for maps and provide training.

Information-Driven Decision-Making

Long-Range Goals:

7. Develop data system.
8. Develop Assessment & Rubrics.
9. Update reporting system to match maps.

Focused & Challenging Curriculum

Long-Range Goals:

10. Developing maps.
11. Define content and evidence of learning.
12. Provide professional development on map content and implementation.

Collaboration Focused on Improving Student Learning

Long-Range Goals:

13. Develop and maintain partnership with OTA.
14. Provide professional development for teaming and collaboration workshops.

An Active Partnership with Parents & Community

Long-Range Goals:

15. Provide diverse opportunities to inform parents and community of improvement plans and district programs.
16. Create opportunities for parents & community to dialogue and discuss district needs and provide input into decision/making and goal setting.

The District is committed to following this plan and improving curriculum and instruction to meet these goals. The Continuous Improvement Department is constantly monitoring the data and performance indicators in order to assist the District in achieving these goals and making the vision a reality.

CIP initiatives:

Each year, staff and CIP community steering committee give input into what specific initiatives need to become the action plan for the coming school year in order to continue working toward our long-term goals. These are the strategies and activities we pursue as a staff to continue to improve student achievement.

New initiatives

1. Work with administrators and staff to discuss/explore ways to increase the achievement of high achieving and high ability students. Actions will focus on: understanding and implementing the District's Gifted Service Plan, professional development for staff regarding strategies for the meeting the needs of advanced students in the classroom and exploration of strategies used by other successful districts.
2. Develop, implement and publish on District Web site Continuous Improvement Plans in every Central Office department and building.
3. Conduct a comprehensive study of middle school program and structure with emphasis on improving student achievement involving teaching and administrative staff and parents and including review of comparison districts, student data and research with periodic update reports to the Board.
4. Communication Department and Community Communications Committee discuss, identify and implement a variety of ways to increase public knowledge and understanding regarding spending, plans for managing growth and future redistricting.

Completion of initiatives/goals in progress

5. Pilot the new elementary report card. Provide parents information about new report card through Curriculum Nights and CD explanation home with the first report card. Gather teacher and parent feedback through online database and focus groups. Also, parent committee will be formed to further discuss input and suggest revisions that would implement parent input. Use this feedback on February Curriculum Day for revision. Give interested teachers the option of using an electronic version
6. Work on creating time for teacher collaboration to improve student achievement by developing a plan to implement the conclusions of the Time Study Committee starting with K-12 early release/late start. Also prioritize work with High Schools to investigate cost-effective options to phase in collaborative time for High School teachers.
7. Map Technology, Work and Family, Career/Business. Maps are revised after the first year of implementation – Health and PE will be revised in 2006. After the first year of implementation, all other mapped subjects are discussed through department chair meetings for any future adjustments.

Ongoing initiatives

8. Plan with stakeholders to determine a variety of professional development opportunities that link to Building CIPs and focus on: developing assessments and rubrics, research-based strategies, implementing maps and using map resources.
9. OTA and Administrators continue to build a partnership to collaboratively address ideas, suggestions and issues for improving student achievement and implementing the district's vision.
10. Continue development and implementation of data system – launch *Align*, the teacher curriculum resource bank, begin discussing the launch of *Outreach*, the parent access to Schoolnet.

Internal Control

In developing and revising the District's accounting and internal control system, the Management has considered the adequacy of internal controls to provide reasonable, but not absolute, assurance regarding:

- the safeguarding of assets against loss from unauthorized use or disposition; and
- the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- the cost of a control should not exceed the benefits likely to be derived; and
- the evaluation of costs and benefits requires estimates and judgments by management.

Management believes that the internal controls adequately meet the above objectives.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds are included in the annual appropriation resolution. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is by fund. The District has chosen to present budgetary information at the function level in the basic financial statements and at the fund level in the individual fund statements.

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are verified prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding fiscal years and are not re-appropriated.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Financial Condition

This is the second year that the District has prepared financial statements following GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” GASB Statement No. 34 created new basic financial statements for reporting on the 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 many businesses.
- **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 a reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.
- **Statement of budgetary comparisons** – These statements present comparisons of actual information to the legally adopted budget for the general fund. The budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. The discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the Districts’ finances of 2004-05.

Cash Management

The District maintains a cash management program whereby it expedites the receipt of revenues and prudently invests available cash. All available funds are invested in conformance with existing legal requirements and Board adopted policy guidelines, to the maximum extent possible, at the highest rates obtainable at the time of investment. The District’s investments are designed and managed in a manner responsive to public trust and consistent with state and local laws.

Risk Management

The District is part of a statewide plan for workers’ compensation insurance coverage. Additionally, the District carries all-risk property insurance, liability and excess liability insurance, as well as officers’ liability insurance. The District provides medical, dental, vision and life coverage for its employees on a consortium insurance basis. The District pays into the Champaign, Delaware, Marion and Union Counties (CDMU) consortium at various rates based on the coverage selected by the employee. Claims are reviewed by a claims administrator and then paid by the consortium.

Independent Auditors

The financial statements of the District for the year ended June 30, 2005, were audited by the independent public accounting firm of Kennedy, Cottrell & Associates, whose unqualified opinion thereon is included at the beginning of the Financial Section of this report.

Certificate of Achievement Program

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Olentangy Local School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report was made possible by the diligence of the staff of the Treasurer's Office and other departments throughout the District. Their initiative and conscientious work ensured the integrity of the information contained herein and guaranteed this report's successful completion.

In closing, we would like to thank the Board of Education for their support without which the preparation of this report would not have been possible.

Respectfully submitted,



William Reimer, Superintendent



Andrew L. Geistfeld, Treasurer

OLENTANGY LOCAL SCHOOL DISTRICT

Olentangy Local School District
Elected Officials and Appointed Officials
as of June 30, 2005

BOARD OF EDUCATION MEMBERS

Dimon McFerson, President

(expires 12/31/05)

Teri Meider, Vice President

(expires 12/31/05)

James Fedako

(expires 12/31/07)

Barry Jamieson

(expires 12/31/07)

M. Brad Reynolds

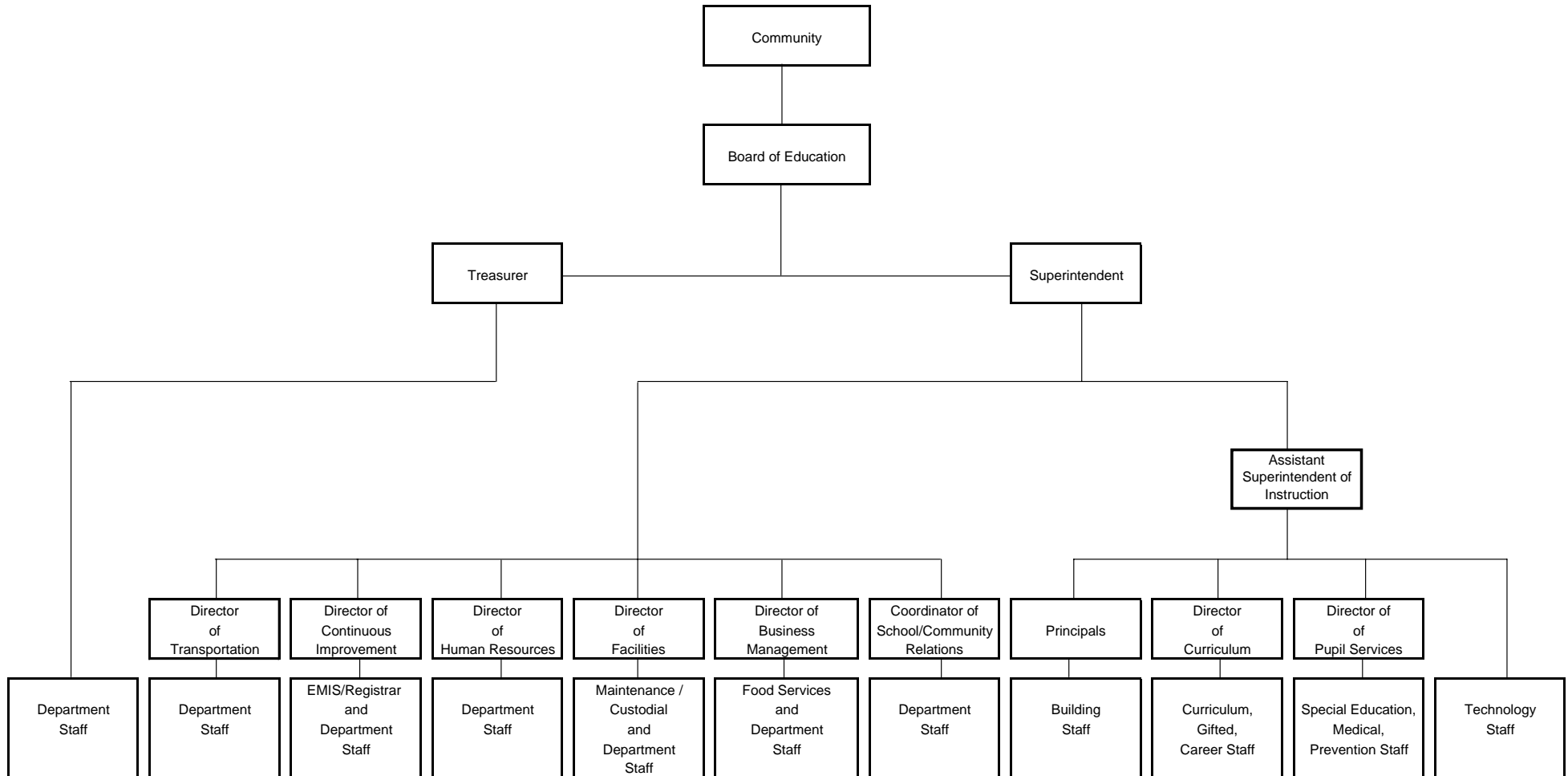
(expires 12/31/07)

APPOINTED OFFICIALS

William L. Reimer, Superintendent

Andrew L. Geistfeld, Treasurer

Olentangy Local Schools Organizational Chart



[Second Adoption date: November 30, 2004]

[Adoption date: August 24, 2004]

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Olentangy Local
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Ziehlke

President

Jeffrey R. Emer

Executive Director

OLENTANGY LOCAL SCHOOL DISTRICT

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

Board of Education
Olentangy Local School District
814 Shanahan Road
Lewis Center, Ohio 43035

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Olentangy Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 16, during the year ended June 30, 2005, the District implemented GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers."

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund statements and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual non-major fund statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly presented 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.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
October 21, 2005

Olentangy Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

As management of the Olentangy Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

The District's net assets are \$30,267,118 as of June 30, 2005 according to the Statement of Net Assets. This represents an increase of \$20,291,527 or 203.4% as compared to last year. (See the Government-wide Financial analysis below regarding this increase).

The current five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through June 2007. The District passed an operating levy in calendar 2004 (with collections beginning in calendar year 2005) which will increase revenues by an estimated \$63,000,000 over three fiscal years (started in 2005).

The General Fund reported a fund balance of \$9,501,557.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds appears on the fund financial statements beginning with the Governmental Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental

and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds

The District's Fiduciary Funds are: 1) a Permanent Trust Fund and 2) a Student Managed Activities Agency Fund. The District's fiduciary activities are reported in the Statement of Net Assets, Fiduciary Funds. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$20,291,527 according to the Statement of Net Assets at the close of the most recent fiscal year.

A portion of the District's net assets (\$12,560,888) represents resources subject to external restrictions on how they may be used.

Another portion of the District's net assets (\$10,567,065) reflects its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's unrestricted net assets are \$7,139,165 at June 30, 2005 as compared to negative net assets of \$5,805,626 at June 30, 2004. The major cause of this increase is attributable to the timing of the certification of revenues by the County. In Ohio, only the portion of property taxes legally available as an advance by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous year Delaware County certified the amount of tax available for advance was approximately \$7,000,000; whereas, the amount available for advance at June 30, 2005 was approximately \$23,200,000. On a cash basis (i.e. budgetary basis) property taxes increased \$16,021,297. The increase on a cash basis and a portion of the increase on an accrual basis is due to the first collection (in March 2005) of the additional 10.5 mill-operating levy discussed earlier. The 10.5 mill operating levy increased tax rates by 34%.

A comparative analysis of fiscal year 2005 to 2004 follows from the Statements of Net Assets:

	Governmental Activities	
	2005	2004
Current assets	\$ 163,818,772	\$ 158,513,956
Capital assets	<u>205,374,905</u>	<u>190,119,826</u>
Total assets	<u>369,193,677</u>	<u>348,633,782</u>
Current liabilities	73,588,933	82,977,436
Long-term liabilities	<u>265,337,626</u>	<u>255,680,755</u>
Total liabilities	<u>338,926,559</u>	<u>338,658,191</u>
Net Assets:		
Invested in capital, net of debt	10,567,065	4,472,481
Restricted	12,560,888	10,924,626
Unrestricted	<u>7,139,165</u>	<u>(5,421,516)</u>
Total net assets	<u>\$ 30,267,118</u>	<u>\$ 9,975,591</u>

**Olentangy Local School District
Changes in Net Assets**

	Governmental Activities	
	2005	2004
Program revenues:		
Charges for services	\$ 4,562,598	\$ 3,629,183
Federal grants	2,279,002	1,884,581
State grants	824,717	746,093
Capital contributions	4,651,152	1,134,873
General revenues:		
Property taxes	93,295,674	53,599,792
State entitlements	15,471,497	11,497,567
Investment earnings	1,783,425	427,295
Miscellaneous	<u>655,565</u>	<u>670,651</u>
Total revenues	<u>123,523,630</u>	<u>73,590,035</u>
Program expenses:		
Instructional	52,647,658	47,197,383
Support services	35,593,245	31,980,640
Co-curricular student activities	2,847,202	2,468,676
Community services	468,977	372,895
Interest on long-term debt	<u>11,675,021</u>	<u>10,838,180</u>
Total expenses	<u>103,232,103</u>	<u>92,857,774</u>
Increase (decrease) in net assets	<u>\$ 20,291,527</u>	<u>\$ (19,267,739)</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$20,291,527. This increase is primarily attributed to the aforementioned increase in property tax revenues. The expenditure increase over the prior year is primarily due to adding 75 certified staff (10%+ increase over prior year) during the fiscal year, the opening of the District's third middle school, 27 pay days occurring in fiscal year 2005 versus the normal 26, as well as, increases as a result of normal pay raises and increased health insurance premiums associated with existing staff. The District is the fastest growing school district in the state of Ohio, as well as, one of the fastest growing districts in the nation. The District's enrollment increased by over 1,000 students in fiscal year 2005.

The property tax laws in Ohio create the need periodically to seek voter approval for additional operating funds. Tax revenues generated from voted tax levies do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts such as ours that are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues, management of the resources is of paramount concern to the District's administration and the voting public.

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

	Total Cost of Services	Net Cost of Service
<u>Programs</u>	<u>2005</u>	<u>2005</u>
Instructional services	\$ 52,647,658	47,255,139
Support services	35,593,245	30,321,912
Co-curricular student activities	2,847,202	1,979,228
Community services	468,977	110,435
Interest on long-term debt	<u>11,675,021</u>	<u>11,675,021</u>
Total	<u>\$ 103,232,103</u>	<u>91,341,735</u>

Local property taxes make up 75.5% of total revenues for governmental activities. The net services column reflecting the need for \$91,341,735 of support indicates the reliance on general revenues to support governmental activities. Included in the net cost of service is \$4,651,152 in the form of a capital contribution for the value of donated land for future building sites.

The District's Funds

The District's governmental funds reported a combined fund balance of \$76,880,422, which represents a decrease of \$563,875 as compared to last year's restated total of \$77,444,297 according to the Governmental Funds Balance Sheet. The schedule below shows the fund balance and the total change in fund balance from June 30, 2004 to 2005.

	Fund Balance at June 30, 2005	Fund Balance at June 30, 2004**	Increase (Decrease)
General Fund	\$ 9,501,557	\$ (3,396,175)	12,897,732
Debt Service	11,251,458	9,555,857	1,695,601
Building Fund	54,486,099	70,033,705	(15,547,606)
Other Governmental Funds	1,641,308	1,250,910	390,398
Total	<u>\$ 76,880,422</u>	<u>\$ 77,444,297</u>	<u>(563,875)</u>

** as restated

The District in accordance with GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*, issued in December 2004, restated its obligation for contractually obligated pension liability at the beginning of the year. The restatement requires such obligation to be recorded as a fund liability as well as a liability at the entity-wide level, as previously recorded. As such the General Fund and Non-major Other Governmental funds were restated.

General Fund

The District's General Fund balance increased primarily because of increases in revenues exceeded increases in expenditures. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

Revenues

	2005	2004	% Change
Property taxes	\$ 76,002,014	\$ 40,976,500	85.48%
Intergovernmental	13,720,807	10,010,567	37.06%
Investment income	518,460	180,207	187.70%
Other revenue	<u>805,722</u>	<u>716,144</u>	12.51%
Total	<u>\$ 91,047,003</u>	<u>51,883,418</u>	75.48%

Property taxes were expected to increase due to new construction (approximately 9% of valuation) and the first collection of taxes, in March 2005, related to the 10.5 mil operating levy; however the increase is higher than expected which is attributable to the timing of the certification of revenues available by the County Auditor as previously discussed. On a cash basis (i.e. budgetary basis) these revenues increased by approximately \$13.8 million or 30% . Intergovernmental revenue is up 37.06% as a direct result of the increase in State allocation for basic aid which increased due to enrollment increases and the District received additional aid

from the State for approximately \$1,000,000 in the form of Gap Aid. The intent of this aid is to fill in any gap that exists between the local revenue raised by the district and the amount the State's basic aid formula assumes the district raises. The District does not expect to receive this aid in the future. Investment income is up 187.7% from fiscal 2004 due to higher available cash balances throughout the year and somewhat higher rate of return on investments.

As the table below indicates, the largest portion of General Fund expenditures is for instructional cost.

Expenditures by Function

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Instructional services	\$ 46,884,382	\$ 42,663,514	9.89%
Support services	29,128,829	26,369,144	10.47%
Co-curricular student activities	1,916,838	1,628,686	17.69%
Community services	1,934	1,612	19.98%
Debt service	<u>226,639</u>	<u>126,055</u>	79.79%
Total	<u>\$ 78,158,622</u>	<u>70,789,011</u>	10.41%

The expenditure increase over the prior year is primarily due to the opening of the District's third middle school and greater than 10% increase in the number of certified employees to meet the demand of an additional 1,000 students in fiscal year 2005. In addition, expenses increased due to normal raises and increased health insurance premiums associated with existing staff. The debt service expenditures increased as the first interest payment was due on a \$10 million tax anticipation note issued in 2005. Revenues exceeded expenditures in the general fund during the fiscal year resulting in an increase in fund balance of \$12,897,732.

Debt Service Fund

The District's Debt Service Fund balance increased primarily because of increases in revenues exceeded increases in expenditures. The tables that follow assist in illustrating the financial activities and balance of the Debt Service Fund.

Revenues

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Property taxes	\$ 16,966,660	\$ 12,053,292	40.76%
Intergovernmental	1,801,192	1,599,708	12.60%
Other revenue	<u>2,767</u>	<u>-</u>	-100.00%
Total	<u>\$ 18,770,619</u>	<u>\$ 13,653,000</u>	37.48%

Property taxes were expected to increase due to new construction (approximately 9% of valuation); however the increase is higher than expected which is attributable to the timing of the certification of revenues available by the County Auditor as previously discussed.

As the table below indicates, Debt Service Fund expenditures are for financing cost.

Expenditures by Function

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Support services	\$ 243,725	\$ 224,991	8.33%
Interest repayment	11,469,205	10,332,642	11.00%
Principal repayment	<u>5,740,020</u>	<u>3,426,752</u>	67.51%
Total	<u>\$ 17,452,950</u>	<u>\$ 13,984,385</u>	24.80%

Expenditures increased 24.80% over the prior year due to 2005 being the first full year of interest and principal payments on bonds issued in 2004. See below for further discussion as it relates to the Districts debt activity.

Building Fund

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The decrease in fund balance is a result of continuing expenditures for the on going construction projects as follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2005</u>	<u>Committed</u>
Glen Oak Elementary	\$ 9,700,000	7,778,919	1,921,081
Olentangy Meadows Elementary	9,700,000	1,068,097	8,309,272
Liberty Tree Elementary	9,700,000	82,133	9,617,867
Hyatts Middle School	<u>18,600,000</u>	<u>1,068,097</u>	<u>8,631,903</u>
Total Capital Projects	<u>\$ 47,700,000</u>	<u>9,583,071</u>	<u>38,116,929</u>

Other Funds

Other governmental funds consist of Special Revenue, and other Capital Projects funds. Fund balance in these funds increased by \$390,398.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements, and encumbrances. Changes are made to the District's budget as changes in revenues and spending patterns are experienced.

The District uses the five-year forecast as the original document from which to form the operating budget. After updating the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school and department submits a budget to the Superintendent and Treasurer. After discussion and various modifications a final amount is agreed upon. Budgets are reviewed periodically to ensure management becomes aware of any variations during the year.

The original budget revenue estimate was revised compared to the final budget estimate as a result of the District receiving more state monies than expected. The original expenditure budget

was decreased as compared to the final expenditure budget primarily as a result of the District being able to higher new staff at pay levels lower than expected, as well as budgeted increases in health insurance premiums being less than expected.

Capital Assets

The District has \$205,374,905 invested in capital assets net of depreciation. The capital asset balance increased by \$15,255,079, net of current year depreciation of \$5,152,665. This increase is primarily attributed to the continued building of schools and related purchase of tangible assets for such schools as discussed in the Building Fund above. Additional detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2005, the District had \$260,506,452 in outstanding bonds and note payable as follows:

Original Principal amount issued	\$ 251,401,756
Accumulated accretion on discount debt	\$ 2,715,923
Unamortized bond premium, net of accumulated amortization of \$ 280,672	7,492,549
Deferred amount on refunding bonds, net	(1,103,776)
Amount included in the Statement of Net Assets	<u><u>\$ 260,506,452</u></u>

On March 24, 2005 the District issued \$34,779,980 of refunding bonds. The refunding bonds were issued for the purpose of refunding various portions of the 1995 bonds, 1997 bonds, 1999 bonds and the 2000 bonds listed above. This transaction resulted in an economic gain (present value cost) of \$1,667,607. Bond issuance cost and the bond premium of \$368,575 and \$2,847,224 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and accrued liabilities, respectively.

Additionally, in October 2005 the District issued \$10 million in tax anticipation notes in order to assist with cash flow until revenues are generated with the 10.5 mill-operating levy which was passed in March 2004.

Detailed information regarding long-term debt is included in the notes to the basic financial statements.

Under current state statutes, most Districts' general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. However, the District was approved as a "special needs district" by the State of Ohio based upon its 10-year growth in assessed valuation and is permitted to exceed the 9% limit.

Restrictions and Other Limitations

The District faces various challenges with being one of the fastest growing school districts, not only in the State but the Nation. The District has been fortunate over the years to be able to manage the growth pattern while maintaining the educational program and facilities. However, the future financial stability of the District is not without challenges.

The first challenge is to ensure resources can be preserved as long as possible. The five-year forecast of the general fund and the 10-year building/construction plan are utilized as tools to manage resources effectively. The voters of the District approved a 10.5 mill-operating levy in March 2004. This District anticipates the revenue generated through this levy will allow the District to keep a positive fund balance through fiscal year 2007. This additional revenue will assist in funding the current operations of the district along with future building operations. The District opened a middle school in 2005 and anticipates opening one new elementary school every year in the foreseeable future, another middle school in 2008 and a third high school in 2009, to meet the needs of a growing enrollment (i.e. 800 students or more per year). The District has a \$77 million bond levy on the November 2005 ballot. The bond package includes funds for a 3rd high school, an elementary school, permanent improvements to several buildings and other items.

The second challenge facing the District is based on the local economy. The District has experienced incredible growth during the past 5 years. Building permits have ranged from 900 to 1,700 a year. If the growth pattern changes and student enrollment increases more than anticipated, the District will have to change assumptions for its five-year financial models. Similarly, an economic downturn could result in a decrease in building permits issued which could result in revenue forecasts needing to be revised downward.

The last major challenge facing the District is the future 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 Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

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OLENTANGY LOCAL SCHOOL DISTRICT**STATEMENT OF NET ASSETS**

JUNE 30, 2005

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS:	
Cash and investments	\$ 73,569,511
Receivables	88,162,894
Due from other -	
Governments	444,538
Inventory	227,739
Deferred charges	1,345,487
Prepaid assets	68,603
Capital Assets:	
Land and construction in progress	34,706,713
Other capital assets, net of accumulated depreciation	170,668,192
 TOTAL ASSETS	 <u>369,193,677</u>
LIABILITIES:	
Accounts payable	1,765,137
Due to other:	
Governments	2,051,845
Other	66,087
Unearned revenue	62,267,280
Accrued liabilities	8,261,239
Long-term Liabilities:	
Due within one year	8,379,893
Due in more than one year	256,135,078
TOTAL LIABILITIES	<u>338,926,559</u>
NET ASSETS:	
Invested in capital assets, net of related debt	10,567,065
Restricted for:	
Debt Service	10,605,810
Capital Projects	30,893
Other Purposes	1,924,185
Unrestricted	7,139,165
 TOTAL NET ASSETS	 <u>\$ 30,267,118</u>

See accompanying notes to the basic financial statements.

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

					Net (Expense) Revenue and <u>Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Instructional services:					
Regular	\$ 42,823,744	477,823	213,518	4,651,152	(37,481,251)
Special	8,728,471	-	14,791	-	(8,713,680)
Vocational	746,329	-	35,235	-	(711,094)
Continuing	349,114	-	-	-	(349,114)
Support services:					-
Operation and maintenance of plant	9,483,145	-	6,066	-	(9,477,079)
School administration	4,875,771	-	-	-	(4,875,771)
Pupils	4,534,860	-	1,519,943	-	(3,014,917)
Business operations	2,288,138	-	-	-	(2,288,138)
Instructional staff	3,264,928	-	268,481	-	(2,996,447)
Student transportation	5,492,319	-	50,502	-	(5,441,817)
Food services	3,664,270	3,216,801	564,799	-	117,330
Central services	1,656,155	-	71,842	-	(1,584,313)
General administration	333,659	-	-	-	(333,659)
Co-curricular student activities	2,847,202	867,974	-	-	(1,979,228)
Community services	468,977	-	358,542	-	(110,435)
Interest	11,675,021	-	-	-	(11,675,021)
Total Governmental Activities	103,232,103	4,562,598	3,103,719	4,651,152	(90,914,634)
General Revenues:					
Property Taxes					93,295,674
Grants and entitlements not restricted to specific programs					15,471,497
Investment earnings					1,783,425
Miscellaneous					655,565
Total general revenues					<u>111,206,161</u>
Change in Net Assets					20,291,527
Net Assets Beginning of Year					<u>9,975,591</u>
Net Assets End of Year					<u><u>\$ 30,267,118</u></u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2005

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS :					
Cash and investments	\$ 8,758,095	7,108,691	55,623,952	2,078,773	73,569,511
Receivables	71,704,076	16,407,767	-	51,051	88,162,894
Due from other:					
Governments	-	-	-	444,538	444,538
Funds	57,047	-	-	-	57,047
Inventory	104,277	-	-	123,462	227,739
Prepaid assets	68,603	-	-	-	68,603
TOTAL ASSETS	<u>\$ 80,692,098</u>	<u>23,516,458</u>	<u>55,623,952</u>	<u>2,697,824</u>	<u>162,530,332</u>
LIABILITIES:					
Accounts payable	\$ 476,497	-	1,137,853	150,787	1,765,137
Due to other:					
Governments	1,948,219	100,000	-	3,626	2,051,845
Funds	-	-	-	57,047	57,047
Other	-	-	-	66,087	66,087
Unearned revenue	51,850,280	12,165,000	-	401,923	64,417,203
Accrued liabilities	6,915,545	-	-	377,046	7,292,591
Notes payable	10,000,000	-	-	-	10,000,000
TOTAL LIABILITIES	<u>71,190,541</u>	<u>12,265,000</u>	<u>1,137,853</u>	<u>1,056,516</u>	<u>85,649,910</u>
FUND BALANCES:					
Fund balances:					
Reserved for encumbrances	626,215	-	2,277,250	138,350	3,041,815
Reserved for prepaid expenditures	68,603	-	-	-	68,603
Reserved for future appropriations	19,034,000	4,178,000	-	-	23,212,000
Unreserved, reported in:					
General fund	(10,227,261)	-	-	-	(10,227,261)
Special Revenue funds	-	-	-	1,484,291	1,484,291
Debt Service fund	-	7,073,458	-	-	7,073,458
Capital Projects funds	-	-	52,208,849	18,667	52,227,516
TOTAL FUND BALANCES	<u>9,501,557</u>	<u>11,251,458</u>	<u>54,486,099</u>	<u>1,641,308</u>	<u>76,880,422</u>
TOTAL LIABILITIES					
AND FUND EQUITY	<u>\$ 80,692,098</u>	<u>23,516,458</u>	<u>55,623,952</u>	<u>2,697,824</u>	<u>162,530,332</u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total Governmental Fund Balances	\$ 76,880,422
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	205,374,905
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,495,410
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Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported in the funds.

Interest payable	(968,648)
Compensated absences	(3,875,545)
Bonds payable	(250,506,452)
Capital lease payable	(132,974)

Net Assets of Governmental Activities	<u><u>\$ 30,267,118</u></u>
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See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 76,002,014	16,966,660	-	-	92,968,674
Intergovernmental:			-		
Federal Restricted Grants-in-aid	-	-	-	2,096,205	2,096,205
State:			-		
Unrestricted Grants-in-aid	13,670,305	1,801,192	-	-	15,471,497
Restricted Grants-in-aid	50,502	-	-	774,215	824,717
Food services	-	-	-	3,216,801	3,216,801
Investment income	518,460	-	1,257,793	7,172	1,783,425
Co-curricular activities	-	-	-	867,974	867,974
Tuition fees	477,823	-	-	-	477,823
Other	327,899	2,767	447	306,228	637,341
TOTAL REVENUES	91,047,003	18,770,619	1,258,240	7,268,595	118,344,457
EXPENDITURES:					
Current:					
Instructional services:					
Regular	37,361,520	-	843,319	341,960	38,546,799
Special	8,435,233	-	-	140,305	8,575,538
Vocational	738,515	-	-	-	738,515
Continuing	349,114	-	-	-	349,114
TOTAL INSTRUCTIONAL SERVICES	46,884,382	-	843,319	482,265	48,209,966
Support services:					
Operation and maintenance of plant	8,842,616	-	-	15,686	8,858,302
School administration	4,798,800	-	-	5,349	4,804,149
Pupils	3,333,003	-	1,526	1,196,723	4,531,252
Business operations	2,063,295	243,725	7,500	-	2,314,520
Instructional staff	2,913,290	-	42,587	265,379	3,221,256
Student transportation	4,956,200	-	845,228	-	5,801,428
Food services	-	-	-	3,469,304	3,469,304
Central services	1,598,703	-	-	71,842	1,670,545
General administration	270,472	-	63,187	-	333,659
Facilities	352,450	-	-	-	352,450
TOTAL SUPPORT SERVICES	29,128,829	243,725	960,028	5,024,283	35,356,865
Co-curricular student activities	1,916,838	-	-	809,708	2,726,546
Community services	1,934	-	-	468,980	470,914
Capital outlay	-	-	15,002,499	92,961	15,095,460
Debt service:					
Principal retirement	77,125	5,740,020	-	-	5,817,145
Interest and fiscal charges	149,514	11,469,205	-	-	11,618,719
TOTAL EXPENDITURES	78,158,622	17,452,950	16,805,846	6,878,197	119,295,615
Excess (deficiency) of revenues over expenditures	12,888,381	1,317,669	(15,547,606)	390,398	(951,158)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	9,351	-	-	-	9,351
Premium and accrued interest	-	2,856,581	-	-	2,856,581
Issuance of refunding bonds	-	34,779,980	-	-	34,779,980
Payment to refunded bond escrow agent	-	(37,258,629)	-	-	(37,258,629)
TOTAL OTHER FINANCING SOURCES (USES)	9,351	377,932	-	-	387,283
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	12,897,732	1,695,601	(15,547,606)	390,398	(563,875)
FUND BALANCES AT BEGINNING OF YEAR, as restated	(3,396,175)	9,555,857	70,033,705	1,250,910	77,444,297
FUND BALANCE AT END OF YEAR	\$ 9,501,557	11,251,458	54,486,099	1,641,308	76,880,422

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net Changes in Fund Balances - Total Governmental Funds \$ (563,875)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,603,927
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	5,160,949
Bond issuance cost associated with new debt issued in fiscal 2005 were reported as expenditures in governmental funds, whereas bond issuance cost are deferred and amortized over the life of the bonds in the entity wide statements	368,575
Proceeds from the issuance of debt is revenues in the governmental funds but is an increase in long-term liabilities in the statement of net assets	(37,627,204)
Repayment of bond and capital lease principal is an expenditure in governmental fund, but the repayment reduces long-term liabilities in the statement of net assets assets and does not result in an expense in the statement of activities.	43,075,774
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.	26,254
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	

Compensated absences	(301,258)
Accretion on bonds	(636,419)
Amortization, net	184,804
Change in Net Assets of Governmental Activities	\$ 20,291,527

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	PRIVATE PURPOSE TRUST	AGENCY FUNDS
ASSETS:		
Cash and investments	\$ 20,388	\$ 256,366
TOTAL ASSETS	<u>20,388</u>	<u>256,366</u>
LIABILITIES:		
Accounts payable	-	8,965
Due to other		247,401
TOTAL LIABILITIES	<u>-</u>	<u>\$ 256,366</u>
NET ASSETS		
Assets held in trust	<u>\$ 20,388</u>	

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2005

	PRIVATE PURPOSE <u>TRUST</u>
ADDITIONS	
Investment Earnings- Interest	\$ 141
TOTAL ADDITIONS	<u>141</u>
DEDUCTIONS	
Contributions-Scholarships	1,000
TOTAL DEDUCTIONS	<u>1,000</u>
Change in net assets	(859)
NET ASSETS-beginning of the year	21,247
NET ASSETS-end of the year	<u>\$ 20,388</u>

See accompanying notes to the basic financial statements.

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OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2005

1. REPORTING ENTITY

The Olentangy Local School District (the District) is an independent political subdivision of the State of Ohio and operates subject to the provisions of the Ohio Constitution and various sections of the Revised Code. The District is governed by a five-member board of education (the Board) elected by the citizens of the District.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities, and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the school district only (i.e. there are no component units).

Jointly Governed Organizations

The Delaware Area Career Center (DACC) is a distinct political subdivision of the State of Ohio which provides vocational education. The DACC operated under the direction of a Board consisting of one or two representatives from each of the four participating school districts' Boards of Education, and two representatives from the Delaware-Union Educational Career Center. The degree of control exercised by the District is limited to its representation on the Board. The Board of DACC possesses its own budgetary and taxing authority. Financial information can be obtained from DACC at, 4565 Columbus Pike Road, Delaware, Ohio 43015.

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingham, and Wyandot Counties. The 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 the member school districts. The governing board of TRECA consist of one representative from each county elected by the majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information for TRECA can be obtained from TRECA administrative offices at: 2222 Marion-MT. Gilead Road, Marion, OHIO 43302.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

(a) *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from legally separate *component units* for which the primary government is financially accountable. The District (primary government) has no business-type activities or component units.

The statements of activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to those who benefit from the goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

(b) *Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied and certified by the county auditor. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected and certified by the county auditor by the fiscal year-end. Additionally, taxes collected within 60 days after fiscal year-end are recorded as a receivable with an offset to unearned revenue for amounts not collected and available for advance on June 30 by the county auditor.

Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Building Fund – The Building Fund is used to account for the receipts and expenditures related to the acquisition and construction of capital facilities including real property.

The District's nonmajor governmental funds include the following fund types:

Special Revenue Fund – Special Revenue funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – Capital Project governmental funds that are used to account for financial resources to be used for the acquisition and/or construction of capital items (other than those financed by enterprise funds or accounted for in the Building Fund)

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

Additionally, the District reports the following fund types:

Fiduciary Funds – Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. This includes Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one Agency Fund, the Student Activities Agency Fund, and one Private Purpose Trust Fund, the Viers Scholarship Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to those who benefit from the goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(c) Cash and Investments

Monies received by the District are pooled in a central bank account with individual fund balance integrity retained throughout. The District records all its investments at fair value.

(d) Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis and inventories are determined by physical count.

(e) Capital Assets and Depreciation

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in 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 District follows the policy of not capitalizing

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

assets with a cost of less than \$2,000 and a useful life of less than five years. The District does not possess any infrastructure.

All reported capital assets, with the exception of land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings & Improvements	10-50
Furniture and Equipment	5-20
Vehicles	8-15

(f) Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets.

(g) Compensated Absences

The District has implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer 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 vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded. When paid, compensated absences for governmental activities are paid from the fund to which the employee's payroll is charged.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

(h) Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, these accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term liabilities paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(i) Fund Balance Reserves / Restrictions

The District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation for expenditures. Fund equity reserves have been established for encumbrances, prepaid assets, property tax revenue reserved by the Board for future year's appropriations and reserves for textbooks and capital maintenance as required by state statute (see Note 14).

The District complies with all restrictions governing the use of restricted assets. Such restrictions do not offer discretion regarding use of these resources in an unrestricted manner. When capital restricted funds, usually bond proceeds, are available, capital assets are acquired from such resources. Capital assets can be, however, and to a lesser amount are, acquired from unrestricted resources.

(j) Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

The investment and deposit of District funds is governed by the provisions of the Ohio Revised Code. In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes and other obligations; bank certificates of deposit; bankers acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and State Treasury Asset Reserve of Ohio (STAROhio). Earnings on investments are credited to various funds at the discretion of the Board, which is in compliance with ORC section 3315.01.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

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 similar to 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, 2005.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities 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. State law does not require security for public deposits and investments to be maintained in the District's name. During fiscal year 2005, the District complied with the provisions of these statutes.

Deposits with Financial Institutions:

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At June 30, 2005, the carrying amount of all District deposits was \$ 21,951,457, exclusive of the \$5,555,184 overnight repurchase agreement included as an investment below. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2005, \$23,993,992 of the District's bank balance of \$24,193,992 was exposed to custodial risk as discussed above, while \$200,000 was covered by Federal Deposit Insurance.

The District had cash on hand in the amount of \$7,350.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

Investments:

At June 30, 2005, the fair value exceeded the District's net cost for investments by \$32,441.

As of June 30, 2005, the District had the following investments and maturities.

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
FHLB Note	\$ 8,957,724	5,980,925	-	1,486,985	1,489,814
FHLMC Note	20,861,398	20,861,398	-	-	-
FHLMC	1,482,514	-	-	1,482,514	-
FNMA	1,977,851	-	1,977,851	-	-
Repurchase Agreement	5,555,184	5,555,184	-	-	-
Star Ohio	13,052,787	13,052,787	-	-	-
	<u>\$51,887,458</u>	<u>45,450,294</u>	<u>1,977,851</u>	<u>2,969,499</u>	<u>1,489,814</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk. The District's investments, exclusive of the Repurchase as discussed above and STAROhio, were rated "AAA" and "Aaa" by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAROhio an "AAAm" money market rating.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the District at June 30, 2005:

Investment type	Fair Value	% to total
FHLB Note	\$ 8,957,724	17.26%
FHLMC Note	20,861,398	40.21%
FHLMC	1,482,514	2.86%
FNMA	1,977,851	3.81%
Repurchase Agreement	5,555,184	10.71%
STAROhio	13,052,787	25.15%
	<u>\$ 51,887,458</u>	<u>100.00%</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

4. PROPERTY TAXES

Property taxes are levied and assessed on a calendar-year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year, except monies available to be advanced against such distributions which may be appropriated and used in the current fiscal year. Property taxes include amounts levied against all real, public and tangible (i.e., used in business) property located in the District.

Real property taxes and public utility taxes are levied after April against the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised value.

Public utility property taxes are assessed on tangible personal property as well as land and improvements. Real property is assessed at market value and personal property is assessed at true value (normally 50% of cost).

The Delaware County Treasurer and Franklin County Treasurer collect property taxes on behalf of the District. The County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on historical cash flow collection rates. Final "settlements" are made each March and August.

Tangible personal property taxes attach as a lien and are levied January 1 of the current year. Tangible personal property assessments are 25% of true value, except assessment on inventory which is 23% of true value. The majority of property tax revenues (in excess of 99%) are collected by the Delaware County Treasurer. The assessed values for collection in 2005, upon which the 2004 levies were based, are as follows:

Agricultural/Residential Real Estate	\$ 1,757,136,850
Commercial/Industrial Real Estate	344,254,940
Public Utility Real Estate	213,740
Public Utility Tangible	75,269,710
General Tangible Property	108,881,867
	<u>\$ 2,285,757,107</u>

Real property taxes are payable annually or semiannually. If paid annually, the payment is due February 10; if paid semiannually, the payment is due February 10 with the remainder payable by July 10.

Accrued property taxes receivables represent real property, personal property and public utility taxes which were measurable but not available as of June 30, 2005. However, monies legally available as an advance to the District as of June 30, 2005 are recognized

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

as revenue as they are both measurable and available. The property tax amount recognized as revenue is reflected as a reservation of fund balance (reserve for future appropriations) as the District is prohibited by law from appropriating this amount in accordance with Ohio Revised Code Section 5705.35.

5. RECEIVABLES

Receivables at June 30, 2005, consisted of taxes, interest and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$ 85,407,000
Taxes delinquent	2,088,000
Other	667,894
Total receivables	<u>\$ 88,162,894</u>

6. DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2005, consist of the following:

Governmental Activities:	
Federal	\$ 444,538
State	-
Total	<u>\$ 444,538</u>

7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2005 consist of the following individual fund receivables and payables on the fund basis:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 57,047	
Other Governmental Funds		57,047
Total	<u>\$ 57,047</u>	<u>\$ 57,047</u>

These interfund balances represent advances of amounts necessary to support activities of the respective funds. These advances will be repaid with 2006 receipts.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

8. CAPITAL ASSETS

A summary of capital asset activity for the fiscal year follows:

	Balance June 30, 2004	Additions	Disposals	Transfers	Balance June 30, 2005
Capital Assets used in:					
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 16,828,833	8,294,809			25,123,642
Construction in progress	17,491,323	8,514,974	-	(16,423,226)	9,583,071
Total nondepreciable capital assets	<u>34,320,156</u>	<u>16,809,783</u>	<u>-</u>	<u>(16,423,226)</u>	<u>34,706,713</u>
Depreciable capital assets:					
Building and improvements	161,677,581	223,055	-	16,423,226	178,323,862
Furniture, fixtures and equipment	10,180,192	2,461,713	201,567	-	12,440,338
Buses, autos and trucks	7,337,157	985,517	365,121	-	7,957,553
Total depreciable capital assets	<u>179,194,930</u>	<u>3,670,285</u>	<u>566,688</u>	<u>16,423,226</u>	<u>198,721,753</u>
Accumulated depreciation:					
Building and improvements	18,431,155	3,425,822	-	-	21,856,977
Furniture, fixtures and equipment	2,658,545	1,123,854	133,776	-	3,648,623
Buses, autos and trucks	2,305,560	602,989	360,588	-	2,547,961
Total accumulated depreciation	<u>23,395,260</u>	<u>5,152,665</u>	<u>494,364</u>	<u>-</u>	<u>28,053,561</u>
Total depreciable capital assets, net	<u>155,799,670</u>	<u>(1,482,380)</u>	<u>72,324</u>	<u>16,423,226</u>	<u>170,668,192</u>
Total governmental activities capital assets, net	<u>190,119,826</u>	<u>15,327,403</u>	<u>72,324</u>	<u>-</u>	<u>205,374,905</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 3,833,843
Special	84,087
Support services:	
Operation and maintenance of plant	283,571
School administration	20,568
Pupils	7,783
Business operations	16,623
Instructional staff	9,484
Food services	151,649
Central	20,548
Student transportation	565,473
Co-curricular student activities	155,104
Community services	3,932
Total depreciation	<u>\$ 5,152,665</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

Construction in progress at June 30, 2005 is composed of the following:

	Project Authorization	Expended to June 30, 2005	Committed
Glen Oak Elementary	\$ 9,700,000	7,778,919	1,921,081
Olentangy Meadows Elementary	9,700,000	1,390,728	8,309,272
Liberty Tree Elementary	9,700,000	82,133	9,617,867
Hyatts Middle School	<u>18,600,000</u>	<u>331,291</u>	<u>18,268,709</u>
Total Capital Projects	<u>\$ 47,700,000</u>	<u>9,583,071</u>	<u>38,116,929</u>

9. GENERAL LONG-TERM OBLIGATIONS

All current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Long-Term obligations of the District are included in the Statement of Net Assets. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

As of June 30, 2005, the District had ten general obligation bonds and one tax anticipation note outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. General obligations currently outstanding are:

Purpose	Date Issued	Interest Rate	Final Maturity	Balance at June 30, 2005
Construction of High School	12/01/88	7.75%	12/01/11	\$ 3,780,000
Construction/Improvement of Schools (2)	02/01/95	5.1 -6.25%	12/01/15	6,339,660
Building improvement bonds	02/01/95	5.1 -6.25%	12/01/11	185,000
Various purpose/refund bonds (3)	06/22/99	3.45 -5.35%	12/01/27	33,689,603
Construction of schools (4)	08/08/00	5.57%	12/01/27	1,522,910
Construction of schools (5)	02/14/02	4.1 -5.5%	12/01/30	54,444,603
School Facilities Construction/Improv. (6)	09/10/02	5.00%	12/01/30	35,975,000
School Facilities Construction/Improv. (7)	06/01/04	4.00%	12/01/24	61,600,000
Refunding Bonds 2004 (7)	06/01/04	4.00%	12/01/20	9,085,000
Refunding Bonds 2005 (8)	03/24/05	4.25%	12/01/27	34,779,980
Tax Anticipation Note (9)	10/28/04	2.75%	10/28/07	10,000,000
				<u>\$ 251,401,756</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

- (1) These general obligation bonds consisted of: \$17,000,000 for the purpose of constructing two elementary schools and improving, remodeling, furnishing and equipping buildings and facilities, and \$10,470,000 for the advance refunding of general obligation bonds dated January 15, 1992.
- (2) Included construction of new elementary, addition to high school and major renovations to the middle school.
- (3) General bond obligations consisted of: \$27,100,000 for the construction, furnishing and equipping an elementary and a middle school building and the remaining amount for the advanced refunding of general obligation bonds dated February 16, 1995.
- (4) These general obligation bonds are for the purpose of constructing, furnishing and equipping an elementary school; acquiring real estate for other district facilities; and providing security improvements to district facilities.
- (5) In February 2002, the District issued \$59,709,603 in various purpose general obligation bonds. These general obligations consist of:
 - a. \$58,169,625 for the purpose of constructing, furnishing, and equipping a new high school, new middle school, a new bus/maintenance facility, athletic fields and renovation of the west wing of current middle school, including a current refunding of the Districts \$30,000,000 School Facilities Construction and Improvement Notes dated October 16, 2001.
 - b. \$1,539,978 to partially advance refund the 1997 series and 2000 series general obligation building improvement and construction bonds.
- (6) On September 10, 2002, the District issued \$39,635,000 of general obligation bonds consisting of:

\$15,000,000 of the issued bonds was a portion of the \$73,170,000 approved by voters on May 8, 2001 for the purpose of constructing, furnishing, and equipping a new high school, new middle school, a new bus/maintenance facility, athletic fields, and renovations of the west wing of the current middle school.

\$24,635,000 of the issued bonds was approved by voters on May 7, 2002 for the purpose of acquiring land for school sites, constructing, furnishing, and equipping new elementary schools.

Bond issuance cost and the bond premium of \$325,700 and \$688,231 respectively has been recorded on the statement of net assets net of related amortization as deferred charges and accrued liabilities, respectively.
- (7) On June 1, 2004, the District issued \$61,600,000 of general obligation bonds and \$9,085,000 of refunding bonds consisting of the following:

\$61,600,000 approved by voters on March 2, 2004 for the purpose of acquiring land, constructing, furnishing, and equipping new elementary schools and a middle school, expanding existing facilities such as the bus/maintenance facility, purchasing school buses, and purchasing related textbooks and equipment.

The \$9,085,000 of refunding bonds were issued for the purpose of refunding various portions of the 1998 bonds, 2000 bonds 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$715,896 and \$4,237,771 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and accrued liabilities, respectively.
- (8) On March 24, 2005 the District issued \$34,779,980 of refunding bonds. The refunding bonds were issued for the purpose of refunding various portions of the 1995 bonds, 1997 bonds, 1999 bonds and the 2000 bonds listed above. This transaction resulted in an economic gain (present value cost) of \$1,667,607.
- Bond issuance cost and the bond premium of \$368,575 and \$2,847,224 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and accrued liabilities, respectively.
- (9) On October 28, 2005 the District issued \$10,000,000 in tax anticipation notes. These notes will be paid by future tax revenue in equal installments over the next three fiscal years.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

Bonds and note payable above, and amounts included on the Statements of Net Assets are comprised of the following:

Amount outstanding at June 30, 2005	\$ 251,401,756
Accumulated accretion on discount debt	\$ 2,715,923
Unamortized bond premium, net of accumulated amortization of \$ 280,672	7,492,549
Deferred amount on refunding bonds, net	(1,103,776)
Amount included in the Statement of Net Assets	<u>\$ 260,506,452</u>

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds and the tax anticipation note:

Year ending June 30,	Interest rates	Principal	Interest
2006	3.65 -7.75%	8,101,361	12,889,940
2007	3.65 -7.75%	7,136,641	14,032,942
2008	3.65 -7.75%	7,744,185	14,177,634
2009	3.65 -7.75%	3,739,807	15,204,854
2010	3.65 -7.75%	7,017,260	13,467,087
2011-2015	3.65 -7.75%	53,852,502	54,871,347
2016-2020	3.65 -7.75%	49,865,000	34,761,158
2021-2025	3.65 -7.75%	44,715,000	23,312,156
2026-2030	3.65 -7.75%	49,690,000	11,165,945
2031-2033	3.65 -7.75%	19,540,000	1,429,482
Total		<u>\$ 251,401,756</u>	<u>\$ 195,312,545</u>

Not included in the above amounts as of June 30, 2005 are \$34,780,000 of bonds that the District defeased in March of 2005, \$9,085,000 of bonds that the District defeased in June of 2004, \$21,060,000 of bonds that the District defeased in June of 1999, and \$7,315,000 of bonds which the District defeased in July, 1997. For accounting purposes, the assets and liabilities for the defeased bonds are not reflected in the District's financial statements.

The ORC provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The ORC further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. However, Revised Code Section 133.06(E) permits a school district to incur indebtedness in excess of the 9% direct debt limitation if, based on five year projections showing annual property value growth of 3% or more, unless the State Superintendent determines that such school district is a "special needs" district. The State Superintendent determined that the District is a special needs district on February 2, 2004.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$197,977,002 and an unvoted debt margin of \$2,285,757. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Delaware County and other taxing entities. As of June 30, 2005, these entities have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value. These debt limitation calculations exclude \$2,712,923 in accretion of deep discount debt in accordance with State Law. Management believes that the District has complied with all bond covenants.

Capital Lease Obligation

The District entered into several agreements to lease photocopiers during fiscal year 2002. A cost of \$494,941 for the leased items has been included in furniture, fixtures and equipment amount report in capital assets (see Note 8). The terms of the agreements provide options to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of the Financial Accounting Standards No. 13 "Accounting of Leases."

All the leases relate to the General Fund. The principal and interest payments made on the leases during fiscal 2005 were \$77,125 and \$12,264, respectively.

The District's future minimum lease payments under capital lease obligations as of June 30, 2005 are as follows:

<u>Year ending June 30,</u>	<u>Capital Leases</u>
2006	81,339
2007	60,481
Total minimum lease payments	<u>141,820</u>
Less: amounts representing interest	<u>8,846</u>
Present value of minimum lease payments	<u><u>\$ 132,974</u></u>

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

A summary of the changes in long-term liabilities follows:

	Balance June 30, 2004	Additions /Accretion	Reductions	Balance June 30, 2005	Amounts Due in One Year
Accrued liabilities (accrued vacation and sick leave)	\$ 3,574,287	682,258	381,000	3,875,545	\$ 204,000
Bonds payable, net	255,470,655	38,263,623	43,227,826	250,506,452	4,768,028
Tax anticipation note	-	10,000,000	-	10,000,000	3,333,333
Capital lease obligations	210,100	-	77,126	132,974	74,532
	<u>\$ 259,255,042</u>	<u>48,945,881</u>	<u>43,685,952</u>	<u>264,514,971</u>	<u>\$ 8,379,893</u>

The District employees are granted vacation and sick leave in varying amounts.

10. RISK MANAGEMENT

The 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 District contracts with third-party insurance company for property insurance (including boiler and machinery) and general liability insurance and vehicle insurance.

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

Professional liability is protected by another third-party insurance company with a \$1 million single occurrence limit, \$3 million aggregate limit and no deductible. Vehicles are covered by another third-party insurer and have no deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$1 million combined single limit of liability.

The District provides life insurance and accidental death and dismemberment insurance to most employees through another third-party insurance carrier in an amount related to the employee's position, ranging from \$30,000 to \$60,000.

Additionally, the District provides health care benefits for its employees and officers through a joint insurance program known as the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Consortium (the Pool), which commenced on June 1, 1988. The Pool is a legal entity, separate and apart from its 9 members and provides for joint administration of the funds of the Pool. The Board of Directors of the Pool is comprised of 1 representative from each of its members.

The Pool establishes funds that consist of member contributions in amounts deemed to be sufficient to annually fund the administrative expenses, to purchase excess insurance,

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

reinsurance, to pay current year claims and claim expenses, and to maintain sufficient reserves. The amount of claims is estimated by an actuary. The contribution factor for each member is based on the number of lives covered as a percentage of total lives covered. The District has made all required contributions.

The members may also be required to make supplementary payments to the Pool for any necessary or appropriate purposes where there is reasonable concern that the funds then available to the Pool will not be sufficient to meet the responsibilities of the Pool. All assessments for supplementary payments are calculated proportionately among its members in direct relation to the number of lives covered as a percentage of total lives covered by the Pool. Since the Pool's inception, the District has never been required to make supplementary payments.

The Pool issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to the Pool at: 4565 Columbus Pike, Delaware, Ohio 43015.

There were no changes to the above policies during the current fiscal year. Additionally, no payments have been made within the last three years to settle claims in excess of the above-noted insurance coverages.

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 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. 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

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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, 2005, 2004, and 2003, were \$5,286,000, \$4,298,000, and \$3,703,000, respectively; equal to 100% of the required contribution each year.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$1,652,000, \$1,334,000, and \$1,054,000, respectively, equal to 100% of the required contribution for each year.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System.

12. Postemployment Benefits Other than Pension Benefits

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$377,571 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

2 percent of each employer's SERS salaries. For the 2005 fiscal year the School District paid \$529,740 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

13. CONTINGENCIES

(a) *Grants*

The federal and state grants remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's administration believes such disallowances, if any, would be minimal.

(b) *Litigation*

The District is a defendant in various lawsuits. The outcome and possible impact of these lawsuits is not presently determinable.

(c) *State School Funding Decision*

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

14. SET-ASIDES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The excess reserves as shown below may be carried forward to reduce next year's expenditures.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

The following information describes the change in year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbook Reserve	Capital Maintenance Reserve
Balance, July 1, 2004	\$ -	-
Required Set-Aside	1,197,746	1,197,746
Qualifying Expenditures	(3,398,947)	(2,033,742)
Total	<u>(2,201,201)</u>	<u>(835,996)</u>
Balance, June 30, 2005	<u>\$ -</u>	<u>-</u>

15. FUND DEFICITS / ACCOUNTABILITY

The following funds had GAAP basis deficit fund balances at June 30, 2005:

Special Revenue Funds:	Deficit Fund Balances
Title III - Limited English Proficiency	\$ 751
Preschool Grant	2,702
Title II A	13,788

The GAAP basis deficit balances in the Special Revenue Funds are a result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements, Continued

16. RESTATEMENT

The District in accordance with GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*, issued in December 2004, restated its obligation for contractually obligated pension liability at the beginning of the year. The restatement requires such obligation to be recorded as a fund liability as well as a liability at the entity-wide level, as previously recorded. As such the General Fund and Non-major Other Governmental funds are restated as follows:

	General Fund	Other Governmental Funds
	<hr/>	<hr/>
Fund (Deficit) Balance, as previously reported	\$ (2,795,901)	\$ 1,368,474
Accrued liabilities- Pension obligation	(600,274.0)	(117,564)
Fund (Deficit) Balance, as restated	<u><u>\$ (3,396,175)</u></u>	<u><u>\$ 1,250,910</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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OLENTANGY LOCAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 59,447,799	60,299,799	\$ 60,854,123	\$ 554,324
Investment income	300,000	460,000	520,069	60,069
Tuition fees	378,700	514,700	512,846	(1,854)
Miscellaneous	1,336,166	1,338,666	1,389,037	50,371
State sources	10,595,500	13,699,000	13,720,807	21,807
TOTAL REVENUES	72,058,165	76,312,165	76,996,882	684,717
EXPENDITURES:				
Instructional services:				
Regular	39,268,104	38,261,072	38,155,057	106,015
Special	8,630,943	8,584,875	8,536,551	48,324
Vocational	795,134	768,225	757,891	10,334
Continuing	405,000	355,000	349,114	5,886
TOTAL INSTRUCTIONAL SERVICES	49,099,181	47,969,172	47,798,613	170,559
Support services:				
Pupils	3,675,257	3,433,383	3,393,046	40,337
Instructional staff	3,239,366	3,054,259	3,017,202	37,057
Board of Education	449,346	336,408	323,420	12,988
School administration	4,914,243	4,976,841	4,934,701	42,140
Fiscal services	1,951,340	1,785,740	1,739,588	46,152
Business operations	340,996	321,196	311,051	10,145
Operation and maintenance of plant	9,256,902	9,379,871	9,348,090	31,781
Student transportation	5,144,676	5,122,547	5,071,660	50,887
Central services	1,848,188	1,743,168	1,692,062	51,106
TOTAL SUPPORT SERVICES	30,820,314	30,153,413	29,830,820	322,593
Community recreation services	3,000	3,000	1,934	1,066
Co-curricular activities	1,984,156	1,876,372	1,867,047	9,325
Site improvement	266,741	371,250	364,200	7,050
Repayment of debt	-	137,250	137,250	-
Other	24,239	6,013	-	6,013
TOTAL EXPENDITURES	82,197,631	80,516,470	79,999,864	516,606
Excess (deficiency) of revenues over expenditures	(10,139,466)	(4,204,305)	(3,002,982)	1,201,323
OTHER FINANCING SOURCES (USES):				
Transfers in	1,000	1,000	-	1,000
Advances in	29,119	29,119	29,119	-
Advances out	(10,000)	(57,047)	(57,047)	-
Sale of tax anticipation notes	10,000,000	10,000,000	10,000,000	-
Sale of fixed assets	500	9,351	9,351	-
Refund of prior year expenditures (receipts)	3,500	8,341	8,420	79
TOTAL OTHER FINANCING SOURCES (USES)	10,024,119	9,990,764	9,989,843	1,079
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(115,347)	5,786,459	6,986,861	1,200,402
Prior year encumbrances appropriated	1,167,721	1,167,721	1,167,721	-
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	(499,201)	(499,201)	(499,201)	-
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 553,173	\$ 6,454,979	\$ 7,655,381	\$ 1,200,402

See notes to the required supplementary schedule.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2005

NOTE A - BUDGETARY DATA

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level must be made by resolution of the Board of Education.

Tax Budget:

The Superintendent and the Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

Under Ohio Revised Code, the Delaware County Budget Commission (Commission) waived the requirement that the District adopt a tax budget. However, the Commission requires the District to submit an "Alternative Tax Budget Form" which continues to include information reflecting the need for existing or increased tax rates. This form must be submitted to the Commission by March 1.

Estimated Resources:

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year do not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2005.

Appropriations:

Upon receipt from the County Auditor of an amended official certificate of estimated resources based on the final assessed values and tax rates or a certificate stating no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted;

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information, Continued

however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds, including the Debt Service Fund, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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.

NOTE B - RECONCILING BUDGET BASIS AND GAAP

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis); and
- D. Investments are recorded at cost (budget basis) as opposed to fair value (GAAP basis).

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

Excess of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$ 12,897,732
Adjustments	
Due to revenues	(14,050,121)
Due to expenditures	(1,841,242)
Due to other financing sources	9,980,492
Excess of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	<u><u>\$ 6,986,861</u></u>

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OLENTANGY LOCAL SCHOOL DISTRICT

MAJOR GOVERNMENTAL FUNDS

General Fund

The **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

See General Fund Budgetary Comparison Schedule in the Required Supplementary Information section of this report.

Debt Service Fund

The **Debt Service Fund** is a fund used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

Building Fund

The **Building Fund** is a capital projects fund used to account for the revenues and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs for acquiring capital facilities including real property.

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
DEBT SERVICE FUND			
Debt Service Fund			
Total Revenues and Other Sources	\$ 16,718,000	16,218,209	(499,791)
Total Expenditures and Other Uses	17,127,046	17,068,374	58,672
Net Change in Fund Balance	(409,046)	(850,165)	(558,463)
Fund Balance, July 1	7,937,445	7,937,445	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 7,528,399</u>	<u>7,087,280</u>	<u>(558,463)</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
CAPITAL PROJECTS FUND			
Building Fund			
Total Revenues and Other Sources	\$ 1,101,600	1,258,536	156,936
Total Expenditures and Other Uses	65,549,614	20,474,695	45,074,919
Net Change in Fund Balance	(64,448,014)	(19,216,159)	45,231,855
Fund Balance, July 1	60,857,374	60,857,374	-
Prior Year Encumbrances Appropriated	10,589,045	10,589,045	-
Fund Balance, June 30	\$ 6,998,405	52,230,260	45,231,855

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OLENTANGY LOCAL SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Public School Support - A fund used for the proceeds of specific revenue sources, except for State and Federal grants that are legally restricted to expenditures for specified purposes.

Grants - Local Sources - A fund provided to account for specific local revenue sources, other than taxes or expendable trusts (i.e., profits from vending machines sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

District-Managed Student Activities - A fund provided 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 would usually include athletic programs but could also include the band, cheerleaders, and other similar types of activities.

Other Local Sources - A rotary fund provided to account for the purchase and sale of school supplies and other miscellaneous school donations. Profit and moneys derived from such sales or donations are to be used for school purposes or activities in connection with the school.

Auxiliary Services Fund - A fund used to account for monies which provide services and materials to pupils attending non-public schools within the school district. For generally accepted accounting purposes, this fund is accounted for as a special revenue fund.

EMIS Grant - A fund provided to account for the monies received and expended for the implementation of the Educational Management Information System that was required by recent legislation in Ohio.

Onenet Network Connectivity – A fund provided to account for money appropriated from the State of Ohio for Ohio Educational Computer Network Connections.

School Net Professional Development – A fund provided to account for a limited number of professional development subsidy grants.

Entry Year Programs – A fund to account for funds used to implement entry year programs pursuant to division (T) of section 3317.024 of the Ohio Revised Code.

OLENTANGY LOCAL SCHOOL DISTRICT

Ohio Reads Grant – A fund intended to improve reading outcomes, especially for fourth grade reading proficiency test and for volunteer coordinators and costs associated with volunteer coordination.

Summer Intervention Grant – A fund provided to account for money appropriated from the State of Ohio for summer school.

Other State Grants – A fund used to account for various monies received from state agencies which are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

Title VI-B Grants- A fund provided to account for grants used to assist states in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title I Grants - A fund to account for grants providing financial assistance to State and Local Educational Agencies to meet the special needs of educationally deprived children.

Title V Grants - A fund to consolidate various programs into a single authorization of grants to States to be used in accordance with the educational needs and priorities of the state and local agencies.

Title III – Limited English Proficiency - A fund which accounts for Federal funds used to help educate children with English as a second language.

Safe and Drug Free Schools Grants - A fund which accounts for federal funds used to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in the District.

Education of the Handicapped Preschool Grants - A fund to address the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

Telecommunications Act Grant Fund (E-Rate) – A fund used to account for a federal grant which is paid directly to the telecommunication service provider.

Title II-A - A fund to account for grants providing financial assistance to State and Local Educational Agencies to improve teacher quality.

Other Federal Grants – A fund used to account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. A separate cost center must be used for each grant and be approved by the Auditor of State.

Food Service Fund - a fund used to record financial transactions related to the District's food service operations.

OLENTANGY LOCAL SCHOOL DISTRICT

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessments and trust funds).

Permanent Improvement Fund - A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as authorized by Section 5705 of the Ohio Revised Code.

School Net Fund - A fund used to provide for computer hardware and software in K-4 classrooms in the district.

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005**

SPECIAL REVENUE FUNDS				
	PUBLIC SCHOOL SUPPORT	GRANTS - LOCAL SOURCES	DISTRICT MANAGED STUDENT ACTIVITIES	OTHER LOCAL SOURCES
ASSETS:				
Cash and investments	\$ 159,675	207,119	143,571	130,842
Receivables	1,081	1,000	30,203	6,258
Inventory	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 160,756	208,119	173,774	137,100
LIABILITIES:				
Accounts payable	\$ 2,513	3,583	873	8,853
Due to other governments	-	-	-	-
Due to other funds	1,787	-	-	-
Due to others	-	-	-	-
Unearned revenue	-	-	-	-
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	4,300	3,583	873	8,853
Fund balance:				
Reserve for encumbrances	15,187	1,164	10,406	-
Unreserved	141,269	203,372	162,495	128,247
Total fund balance	156,456	204,536	172,901	128,247
TOTAL LIABILITIES AND FUND BALANCE	\$ 160,756	208,119	173,774	137,100

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS			
AUXILIARY SERVICE	EMIS GRANTS	ONENET NETWORK CONNECTIVITY	SCHOOL NET PROFESSIONAL DEVELOPMENT
141,769	-	-	2,160
-	-	-	-
-	-	-	-
-	-	-	-
<u>141,769</u>	<u>-</u>	<u>-</u>	<u>2,160</u>
75,682	-	-	-
-	-	-	-
-	-	-	-
66,087	-	-	-
-	-	-	-
-	-	-	-
<u>141,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
56,166	-	-	2,000
<u>(56,166)</u>	<u>-</u>	<u>-</u>	<u>160</u>
-	-	-	2,160
<u>141,769</u>	<u>-</u>	<u>-</u>	<u>2,160</u>

OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

SPECIAL REVENUE FUNDS

	ENTRY YEAR PROGRAMS	OHIO READS GRANT	SUMMER INTERVENTION GRANT	OTHER STATE GRANTS
ASSETS:				
Cash and investments	\$ -	2,000	12,617	-
Receivables	-	-	-	-
Inventory	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>2,000</u>	<u>12,617</u>	<u>-</u>
LIABILITIES:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Unearned revenue	-	-	-	-
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:				
Reserve for encumbrances	-	-	-	-
Unreserved	-	2,000	12,617	-
Total fund balance	-	2,000	12,617	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>2,000</u>	<u>12,617</u>	<u>-</u>

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

TITLE VIB GRANTS	TITLE I GRANTS	TITLE V GRANTS	TITLE III LIMITED ENGLISH	SAFE AND DRUG-FREE SCHOOLS	EDUCATION OF THE HANDICAPPED PRESCHOOL GRANTS
103,532	6,250	2,112	315	40	3,084
-	200	-	-	-	-
-	-	-	-	-	-
53,726	115,893	34,095	18,017	-	11,885
157,258	122,343	36,207	18,332	40	14,969
2,909	991	205	-	-	503
-	3,626	-	-	-	-
-	13,524	589	1,066	-	5,283
-	-	-	-	-	-
53,726	69,386	34,095	18,017	-	11,885
-	21,007	-	-	-	-
56,635	108,534	34,889	19,083	-	17,671
9,978	5,384	1,905	142	-	2,641
90,645	8,425	(587)	(893)	40	(5,343)
100,623	13,809	1,318	(751)	40	(2,702)
157,258	122,343	36,207	18,332	40	14,969

(Continued)

OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

SPECIAL REVENUE FUNDS				
	E-RATE GRANT	TITLE II-A	OTHER FEDERAL GRANTS	FOOD SERVICE
ASSETS:				
Cash and investments	\$ 113,792	22,011	1,271	942,295
Receivables	-	-	-	12,309
Inventory	-	-	-	123,462
Due from other governments	-	156,947	8,867	45,108
TOTAL ASSETS	\$ 113,792	178,958	10,138	1,123,174
LIABILITIES:				
Accounts payable	\$ -	1,001	-	249
Due to other governments	-	-	-	-
Due to other funds	-	34,798	-	-
Due to others	-	-	-	-
Unearned revenue	-	156,947	8,867	49,000
Accrued liabilities	-	-	-	356,039
TOTAL LIABILITIES	-	192,746	8,867	405,288
FUND BALANCE:				
Reserve for encumbrances	-	21,011	140	-
Unreserved	113,792	(34,799)	1,131	717,886
Total fund balance	113,792	(13,788)	1,271	717,886
TOTAL LIABILITIES AND FUND BALANCE	\$ 113,792	178,958	10,138	1,123,174

OLENTANGY LOCAL SCHOOL DISTRICT

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PERMANENT IMPROVEMENT FUND	SCHOOL NET FUND		
1,994,455	29,298	55,020	84,318	2,078,773
51,051	-	-	-	51,051
123,462	-	-	-	123,462
444,538	-	-	-	444,538
<u>2,613,506</u>	<u>29,298</u>	<u>55,020</u>	<u>84,318</u>	<u>2,697,824</u>
97,362	-	53,425	53,425	150,787
3,626	-	-	-	3,626
57,047	-	-	-	57,047
66,087	-	-	-	66,087
401,923	-	-	-	401,923
377,046	-	-	-	377,046
<u>1,003,091</u>	<u>-</u>	<u>53,425</u>	<u>53,425</u>	<u>1,056,516</u>
126,124	12,226	-	12,226	138,350
<u>1,484,291</u>	<u>17,072</u>	<u>1,595</u>	<u>18,667</u>	<u>1,502,958</u>
<u>1,610,415</u>	<u>29,298</u>	<u>1,595</u>	<u>30,893</u>	<u>1,641,308</u>
<u>2,613,506</u>	<u>29,298</u>	<u>55,020</u>	<u>84,318</u>	<u>2,697,824</u>

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005**

SPECIAL REVENUE FUNDS				
	PUBLIC SCHOOL SUPPORT	GRANTS - LOCAL SOURCES	DISTRICT-MANAGED STUDENT ACTIVITIES	OTHER LOCAL SOURCES
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	-	-	-
State restricted grants-in-aid	-	25,945	-	-
Food Service	-	-	-	-
Investment Income	-	-	-	-
Co-curricular activities	-	1,000	343,736	523,238
Other	142,028	23,595	92,124	-
TOTAL REVENUES	<u>142,028</u>	<u>50,540</u>	<u>435,860</u>	<u>523,238</u>
EXPENDITURES:				
Current:				
Instructional services:				
Regular	142,203	26,756	-	-
Special	-	-	-	-
Vocational	-	-	-	-
Total Instructional Services	<u>142,203</u>	<u>26,756</u>	<u>-</u>	<u>-</u>
Support services:				
Operation and maintenance	-	-	-	-
School administration	-	-	-	-
Pupils	-	2,000	-	-
Instructional Staff	-	2,385	-	-
Food Service	-	-	-	-
Central services	-	-	-	-
Total Support Services	<u>-</u>	<u>4,385</u>	<u>-</u>	<u>-</u>
Co-curricular student activities	-	3,235	335,667	470,806
Community services	-	3,913	45,690	-
Capital outlay	-	5,073	-	-
TOTAL EXPENDITURES	<u>142,203</u>	<u>43,362</u>	<u>381,357</u>	<u>470,806</u>
Excess (deficiency) of revenues over expenditures	(175)	7,178	54,503	52,432
FUND BALANCE AT BEGINNING OF YEAR	156,631	197,358	118,398	75,815
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 156,456</u>	<u>204,536</u>	<u>172,901</u>	<u>128,247</u>

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS			
AUXILIARY SERVICE	EMIS GRANTS	ONENET NETWORK CONNECTIVITY	SCHOOL NET PROFESSIONAL DEVELOPMENT
-	-	-	-
411,894	29,842	42,000	4,140
-	-	-	-
1,324	-	-	-
-	-	-	-
-	-	-	-
<u>413,218</u>	<u>29,842</u>	<u>42,000</u>	<u>4,140</u>
-	-	-	-
-	-	-	6,120
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,120</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	29,842	42,000	-
<u>-</u>	<u>29,842</u>	<u>42,000</u>	<u>-</u>
-	-	-	-
413,218	-	-	-
-	-	-	-
<u>413,218</u>	<u>29,842</u>	<u>42,000</u>	<u>6,120</u>
-	-	-	(1,980)
-	-	-	4,140
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, Continued
YEAR ENDED JUNE 30, 2005**

SPECIAL REVENUE FUNDS				
	ENTRY YEAR PROGRAMS	OHIO READS GRANT	SUMMER INTERVENTION GRANT	OTHER STATE GRANTS
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	-	-	-
State restricted grants-in-aid	38,500	14,000	140,972	6,066
Food Service	-	-	-	-
Investment Income	-	-	-	-
Co-curricular activities	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	38,500	14,000	140,972	6,066
EXPENDITURES:				
Current:				
Instructional services:				
Regular	-	12,000	128,355	-
Special	-	-	-	-
Vocational	-	-	-	-
Total Instructional Services	-	12,000	128,355	-
Support services:				
Operation and maintenance	-	-	-	6,066
School administration	-	-	-	-
Pupils	-	-	-	-
Instructional Staff	38,500	-	-	-
Food Service	-	-	-	-
Central services	-	-	-	-
Total Support Services	38,500	-	-	6,066
Co-curricular student activities	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	38,500	12,000	128,355	6,066
Excess (deficiency) of revenues over expenditures	-	2,000	12,617	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	2,000	12,617	-

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

TITLE VIB GRANTS	TITLE I GRANTS	TITLE V GRANTS	TITLE III LIMITED ENGLISH	SAFE AND DRUG-FREE SCHOOLS	EDUCATION OF THE HANDICAPPED PRESCHOOL GRANTS
1,211,910	244,701	7,561	16,705	28,461	14,791
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	200	-	-	-	-
<u>1,211,910</u>	<u>244,901</u>	<u>7,561</u>	<u>16,705</u>	<u>28,461</u>	<u>14,791</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	348	-	-	26,178	-
31,611	76,715	-	14,037	-	17,942
-	-	-	-	-	-
<u>31,611</u>	<u>77,063</u>	<u>-</u>	<u>14,037</u>	<u>26,178</u>	<u>17,942</u>
-	-	-	-	-	-
-	-	-	-	-	-
5,349	-	-	-	-	-
1,083,112	15,973	-	424	-	229
-	139,726	14,275	3,308	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,088,461</u>	<u>155,699</u>	<u>14,275</u>	<u>3,732</u>	<u>-</u>	<u>229</u>
-	-	-	-	-	-
-	-	925	-	1,253	-
-	-	-	-	-	-
<u>1,120,072</u>	<u>232,762</u>	<u>15,200</u>	<u>17,769</u>	<u>27,431</u>	<u>18,171</u>
-	-	-	-	-	-
91,838	12,139	(7,639)	(1,064)	1,030	(3,380)
-	-	-	-	-	-
8,785	1,670	8,957	313	(990)	678
<u>100,623</u>	<u>13,809</u>	<u>1,318</u>	<u>(751)</u>	<u>40</u>	<u>(2,702)</u>

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, Continued
YEAR ENDED JUNE 30, 2005**

SPECIAL REVENUE FUNDS				
	E-RATE GRANT	TITLE II-A	OTHER FEDERAL GRANTS	FOOD SERVICE
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	12,429	684	558,963
State restricted grants-in-aid	-	-	-	5,836
Food Service	-	-	-	3,216,801
Investment Income	-	-	-	5,848
Co-curricular activities	-	-	-	-
Other	47,788	-	-	493
TOTAL REVENUES	47,788	12,429	684	3,787,941
EXPENDITURES:				
Current:				
Instructional services:				
Regular	-	-	-	-
Special	-	-	-	-
Vocational	-	-	-	-
Total Instructional Services	-	-	-	-
Support services:				
Operation and maintenance	9,620	-	-	-
School administration	-	-	-	-
Pupils	41,560	-	-	-
Instructional Staff	-	65,122	2,063	-
Food Service	-	-	-	3,469,304
Central services	-	-	-	-
Total Support Services	51,180	65,122	2,063	3,469,304
Co-curricular student activities	-	-	-	-
Community services	-	3,981	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	51,180	69,103	2,063	3,469,304
Excess (deficiency) of revenues over expenditures	(3,392)	(56,674)	(1,379)	318,637
FUND BALANCE AT BEGINNING OF YEAR	117,184	42,886	2,650	399,249
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 113,792	(13,788)	1,271	717,886

OLENTANGY LOCAL SCHOOL DISTRICT

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PERMANENT IMPROVEMENT FUND	SCHOOL NET FUND		
2,096,205	-	-	-	2,096,205
719,195	-	55,020	55,020	774,215
3,216,801	-	-	-	3,216,801
7,172	-	-	-	7,172
867,974	-	-	-	867,974
306,228	-	-	-	306,228
<u>7,213,575</u>	<u>-</u>	<u>55,020</u>	<u>55,020</u>	<u>7,268,595</u>
341,960	-	-	-	341,960
140,305	-	-	-	140,305
-	-	-	-	-
<u>482,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,265</u>
15,686	-	-	-	15,686
5,349	-	-	-	5,349
1,143,298	-	53,425	53,425	1,196,723
265,379	-	-	-	265,379
3,469,304	-	-	-	3,469,304
71,842	-	-	-	71,842
<u>4,970,858</u>	<u>-</u>	<u>53,425</u>	<u>53,425</u>	<u>5,024,283</u>
809,708	-	-	-	809,708
468,980	-	-	-	468,980
5,073	87,888	-	87,888	92,961
<u>6,736,884</u>	<u>87,888</u>	<u>53,425</u>	<u>141,313</u>	<u>6,878,197</u>
476,691	(87,888)	1,595	(86,293)	390,398
1,133,724	117,186	-	117,186	1,250,910
<u>1,610,415</u>	<u>29,298</u>	<u>1,595</u>	<u>30,893</u>	<u>1,641,308</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
Public School Support			
Total Revenues and Other Sources	\$ 142,670	148,510	5,840
Total Expenditures and Other Uses	251,452	163,827	87,625
Net Change in Fund Balance	(108,782)	(15,317)	93,465
Fund Balance, July 1	148,932	148,932	-
Prior Year Encumbrances Appropriated	8,354	8,354	-
Fund Balance, June 30	<u>\$ 48,504</u>	<u>141,969</u>	<u>93,465</u>
Grants-Local Sources			
Total Revenues and Other Sources	\$ 49,595	49,540	(55)
Total Expenditures and Other Uses	78,482	46,913	31,569
Net Change in Fund Balance	(28,887)	2,627	31,514
Fund Balance, July 1	195,512	195,512	-
Prior Year Encumbrances Appropriated	4,231	4,231	-
Fund Balance, June 30	<u>\$ 170,856</u>	<u>202,370</u>	<u>31,514</u>
District-Managed Student Activities			
Total Revenues and Other Sources	\$ 410,228	412,236	2,008
Total Expenditures and Other Uses	473,459	401,577	71,882
Net Change in Fund Balance	(63,231)	10,659	73,890
Fund Balance, July 1	109,696	109,696	-
Prior Year Encumbrances Appropriated	11,941	11,941	-
Fund Balance, June 30	<u>\$ 58,406</u>	<u>132,296</u>	<u>73,890</u>
Other Local Sources			
Total Revenues and Other Sources	\$ 520,003	523,085	3,082
Total Expenditures and Other Uses	513,394	477,721	35,673
Net Change in Fund Balance	6,609	45,364	38,755
Fund Balance, July 1	68,249	68,249	-
Prior Year Encumbrances Appropriated	6,496	6,496	-
Fund Balance, June 30	<u>\$ 81,354</u>	<u>120,109</u>	<u>38,755</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	Revised Budget	Actual	Variance with Revised Budget
Auxiliary Services			
Total Revenues and Other Sources	\$ 359,511	359,866	355
Total Expenditures and Other Uses	503,042	498,250	4,792
Net Change in Fund Balance	(143,531)	(138,384)	5,147
Fund Balance, July 1	84,552	84,552	-
Prior Year Encumbrances Appropriated	63,752	63,752	-
Fund Balance, June 30	<u>\$ 4,773</u>	<u>9,920</u>	<u>5,147</u>
EMIS Grants			
Total Revenues and Other Sources	\$ 29,842	29,842	-
Total Expenditures and Other Uses	29,842	29,842	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
Onenet Network Connectivity			
Total Revenues and Other Sources	\$ 42,000	42,000	-
Total Expenditures and Other Uses	42,000	42,000	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
School Net Professional Development			
Total Revenues and Other Sources	\$ 4,140	4,140	-
Total Expenditures and Other Uses	8,280	8,120	160
Net Change in Fund Balance	(4,140)	(3,980)	160
Fund Balance, July 1	4,140	4,140	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>160</u>	<u>160</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	Revised Budget	Actual	Variance with Revised Budget
Entry Year Programs			
Total Revenues and Other Sources	\$ 38,500	38,500	-
Total Expenditures and Other Uses	38,500	38,500	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
Ohio Reads			
Total Revenues and Other Sources	\$ 14,000	14,000	-
Total Expenditures and Other Uses	12,000	12,000	-
Net Change in Fund Balance	2,000	2,000	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 2,000</u>	<u>2,000</u>	<u>-</u>
Summer Intervention Grant			
Total Revenues and Other Sources	\$ 143,791	140,972	(2,819)
Total Expenditures and Other Uses	143,491	128,355	15,136
Net Change in Fund Balance	300	12,617	12,317
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 300</u>	<u>12,617</u>	<u>12,317</u>
Other State Grants			
Total Revenues and Other Sources	\$ 6,066	6,066	-
Total Expenditures and Other Uses	6,066	6,066	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	Revised Budget	Actual	Variance with Revised Budget
Title VI-B Grants			
Total Revenues and Other Sources	\$ 1,712,321	1,658,117	(54,204)
Total Expenditures and Other Uses	1,274,641	1,127,619	147,022
Net Change in Fund Balance	437,680	530,498	92,818
Fund Balance, July 1	(445,797)	(445,797)	-
Prior Year Encumbrances Appropriated	8,551	8,551	-
Fund Balance, June 30	<u>\$ 434.00</u>	<u>93,252</u>	<u>92,818</u>
Title I - Grants			
Total Revenues and Other Sources	\$ 531,907	343,579	(188,328)
Total Expenditures and Other Uses	498,697	378,002	120,695
Net Change in Fund Balance	33,210	(34,423)	(67,633)
Fund Balance, July 1	(25,919)	(25,919)	-
Prior Year Encumbrances Appropriated	60,218	60,218	-
Fund Balance, June 30	<u>\$ 67,509</u>	<u>(124)</u>	<u>(67,633)</u>
Title V Grants			
Total Revenues and Other Sources	\$ 62,556	24,443	(38,113)
Total Expenditures and Other Uses	90,863	57,357	33,506
Net Change in Fund Balance	(28,307)	(32,914)	(4,607)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	32,914	32,914	-
Fund Balance, June 30	<u>\$ 4,607</u>	<u>-</u>	<u>(4,607)</u>
Title III - Grants			
Total Revenues and Other Sources	\$ 53,961	36,614	(17,347)
Total Expenditures and Other Uses	53,951	36,816	17,135
Net Change in Fund Balance	10	(202)	(212)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	374	374	-
Fund Balance, June 30	<u>\$ 384</u>	<u>172</u>	<u>(212)</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
Safe and Drug Free Schools Grant			
Total Revenues and Other Sources	\$ 28,873	28,723	(150)
Total Expenditures and Other Uses	28,723	28,683	40
Net Change in Fund Balance	150	40	(110)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 150</u>	<u>40</u>	<u>(110)</u>
Education of the Handicapped Preschool Grant			
Total Revenues and Other Sources	\$ 27,073	20,297	(6,776)
Total Expenditures and Other Uses	26,005	24,799	1,206
Net Change in Fund Balance	1,068	(4,502)	(5,570)
Fund Balance, July 1	76	76	-
Prior Year Encumbrances Appropriated	4,365	4,365	-
Fund Balance, June 30	<u>\$ 5,509</u>	<u>(61)</u>	<u>(5,570)</u>
E-rate			
Total Revenues and Other Sources	\$ 60,000	47,788	(12,212)
Total Expenditures and Other Uses	181,722	55,718	126,004
Net Change in Fund Balance	(121,722)	(7,930)	113,792
Fund Balance, July 1	117,064	117,064	-
Prior Year Encumbrances Appropriated	4,658	4,658	-
Fund Balance, June 30	<u>\$ -</u>	<u>113,792</u>	<u>113,792</u>
Title II-A Grant			
Total Revenues and Other Sources	\$ 330,383	148,137	(182,246)
Total Expenditures and Other Uses	354,872	227,991	126,881
Net Change in Fund Balance	(24,489)	(79,854)	(55,365)
Fund Balance, July 1	26,624	26,624	-
Prior Year Encumbrances Appropriated	53,230	53,230	-
Fund Balance, June 30	<u>\$ 55,365</u>	<u>-</u>	<u>(55,365)</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	Revised Budget	Actual	Variance with Revised Budget
Other Federal Grants			
Total Revenues and Other Sources	\$ 19,749	5,473	(14,276)
Total Expenditures and Other Uses	18,899	7,211	11,688
Net Change in Fund Balance	850	(1,738)	(2,588)
Fund Balance, July 1	959	959	-
Prior Year Encumbrances Appropriated	1,909	1,909	-
Fund Balance, June 30	<u>\$ 3,718</u>	<u>1,130</u>	<u>(2,588)</u>
Food Service			
Total Revenues and Other Sources	\$ 3,482,800	3,522,322	39,522
Total Expenditures and Other Uses	3,321,434	3,221,877	99,557
Net Change in Fund Balance	161,366	300,445	139,079
Fund Balance, July 1	639,134	639,134	-
Prior Year Encumbrances Appropriated	907	907	-
Fund Balance, June 30	<u>\$ 801,407</u>	<u>940,486</u>	<u>139,079</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
CAPITAL PROJECTS FUNDS			
Permanent Improvement Fund			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	102,700	100,114	2,586
Net Change in Fund Balance	(102,700)	(100,114)	2,586
Fund Balance, July 1	85,033	85,033	-
Prior Year Encumbrances Appropriated	32,154	32,154	-
Fund Balance, June 30	<u>\$ 14,487</u>	<u>17,073</u>	<u>2,586</u>
School Net			
Total Revenues and Other Sources	\$ 55,020	55,020	-
Total Expenditures and Other Uses	55,020	53,425	1,595
Net Change in Fund Balance	-	1,595	1,595
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>1,595</u>	<u>1,595</u>

OLENTANGY LOCAL SCHOOL DISTRICT

Fiduciary Fund Type

Trust and Agency Funds

The Trust Funds are used to account for assets held by the school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The Agency Fund is used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Private Purpose Trust Fund - A trust fund to account for assets held in a trust that were created by “Viers Scholarship” trust agreement, whereby income of these assets held is used for student scholarships.

Student Activity Fund - An agency fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

OLENTANGY LOCAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	BALANCE At <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	BALANCE At <u>June 30, 2005</u>
ASSETS:				
Cash and investments	\$ 231,780	560,782	536,196	256,366
Receivables	100	0	100	0
	<u>231,880</u>	<u>560,782</u>	<u>536,296</u>	<u>256,366</u>
TOTAL ASSETS	\$ <u>231,880</u>	<u>560,782</u>	<u>536,296</u>	<u>256,366</u>
LIABILITIES:				
Accounts payable	\$ 5,466	8,965	5,466	8,965
Due to others	226,414	247,401	226,414	247,401
	<u>231,880</u>	<u>256,366</u>	<u>231,880</u>	<u>256,366</u>
TOTAL LIABILITIES	\$ <u>231,880</u>	<u>256,366</u>	<u>231,880</u>	<u>256,366</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
FIDUCIARY FUND			
Private Purpose Trust Fund			
Total Revenues and Other Sources	\$ 150	141	(9)
Total Expenditures and Other Uses	1,000	1,000	-
Net Change in Fund Balance	(850)	(859)	(9)
Fund Balance, July 1	21,247	21,247	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 20,397</u>	<u>20,388</u>	<u>(9)</u>

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OLENTANGY LOCAL SCHOOL DISTRICT

STATISTICAL SECTION



Table 1

OLENTANGY LOCAL SCHOOL DISTRICT
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

<u>Fiscal Years</u>	<u>Instructional Services</u>	<u>Support Services</u>	<u>Co-Curricular</u>	<u>Community Service</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1996	10,132,714	7,169,061	470,041	48,570	18,508,907	4,645,184	40,974,477
1997	12,373,519	8,176,477	551,348	139,305	7,430,812	4,671,284	33,342,745
1998	14,653,258	9,335,112	626,628	130,575	16,126,782	21,660,198	62,532,553
1999	16,259,697	10,699,961	642,359	261,490	6,905,393	5,423,373	40,192,273
2000	19,130,143	12,106,046	819,914	160,072	11,762,822	6,085,726	50,064,723
2001	23,181,018	15,630,713	880,653	343,761	25,933,739	24,915,950	90,885,834
2002	28,151,589	20,757,652	1,155,611	239,522	22,092,229	40,218,307	112,614,910
2003 (2)	33,136,940	26,531,349	1,723,783	387,276	57,848,352	12,920,248	132,547,948
2004 (2)	43,383,272	32,658,638	2,374,907	398,343	19,495,419	13,885,449	112,196,028
2005 (2)	48,209,966	35,356,865	2,726,546	470,914	15,095,460	17,435,864	119,295,615

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Fund.

(2) In 2003, funds previously reported as Enterprise Funds are now reported as Special Revenue Funds and are included in this table.

Source:

Office of the Treasurer, Olentangy Local School District

Table 2

OLENTANGY LOCAL SCHOOL DISTRICT
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

<u>Fiscal Years</u>	<u>Property Taxes</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Investment Income</u>	<u>Food Service</u>	<u>Co-curricular Activities</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
1996	19,034,353	3,843,653	184,415	1,680,964	Note (2)	155,517	8,828	174,424	25,082,154
1997	21,726,869	3,863,858	279,712	1,085,128	Note (2)	208,073	20,063	255,811	27,439,514
1998	23,583,091	4,370,026	296,640	1,548,163	Note (2)	215,714	27,009	392,849	30,433,492
1999	29,566,893	5,245,586	368,751	784,125	Note (2)	234,953	40,082	305,161	36,545,551
2000	34,327,453	5,984,204	313,463	2,185,069	Note (2)	289,418	48,618	469,820	43,618,045
2001	45,741,420	7,279,328	705,011	2,931,925	Note (2)	324,723	94,058	465,109	57,541,574
2002	56,360,993	8,212,894	762,370	1,603,859	Note (2)	361,028	101,432	347,143	67,749,719
2003 (2)	55,218,875	10,279,466	987,165	1,374,433	2,078,292	571,257	227,980	582,526	71,319,994
2004 (2)	53,029,792	12,243,660	1,860,824	427,295	2,558,852	746,666	323,665	670,651	71,861,405
2005 (2)	92,968,674	16,296,214	2,096,205	1,783,425	3,216,801	867,974	477,823	637,341	118,344,457

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(2) In 2003, funds previously reported as Enterprise Funds are now reported as Special Revenue Funds and are included in this table.

Source: Office of the Treasurer, Olentangy Local School District

Table 3

**OLENTANGY LOCAL SCHOOL DISTRICT
Property Tax Levies and Collections (1)
Last Ten Fiscal Years**

Collection Year	Total Tax Levy	Current Tax Collections	% of Levy Collected	Delq. Tax Collections	Total Tax Collections	% of Tax Collection to Levy
1995	16,757,529	16,552,769	98.78%	539,475	17,092,244	102.00%
1996	17,617,722	17,417,744	98.86%	487,661	17,905,405	101.63%
1997	23,427,593	22,936,246	97.90%	619,582	23,555,828	100.55%
1998	27,767,013	27,354,395	98.51%	734,422	28,088,817	101.16%
1999	30,032,686	29,478,681	98.16%	1,041,221	30,519,902	101.62%
2000	43,991,457	43,420,766	98.70%	810,788	44,231,554	100.55%
2001	49,769,612	48,562,867	97.58%	1,167,949	49,730,816	99.92%
2002	51,455,151	51,396,125	99.89%	2,169,730	53,565,855	104.10%
2003	58,358,353	57,159,636	97.95%	2,088,809	59,248,445	101.53%
2004	62,971,118	63,180,782	100.33%	1,764,087	64,944,869	103.13%

Note: (1) The information above is for real estate, public utilities and tangible personal property collections and levies.

Source: Office of the County Auditor, Delaware County, Ohio

Table 4

OLENTANGY LOCAL SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Year		Real Estate			Tangible Personal			Public Utility		Total	
		Assessed	Estimated		Assessed	Estimated		Assessed	Estimated	Assessed	Estimated
		Value	Actual		Value	Actual		Value	Actual	Value	Actual
	%	\$	\$	%	\$	\$	%	\$	\$	\$	\$
1995	35%	493,947,630	1,411,278,943	25%	31,998,242	127,992,968	35%	54,670,520	156,201,486	580,616,392	1,695,473,397
1996	35%	553,234,670	1,580,670,486	25%	35,587,694	142,350,776	35%	51,607,800	147,450,857	640,430,164	1,870,472,119
1997	35%	699,615,650	1,998,901,857	25%	47,115,866	188,463,464	35%	51,861,030	148,174,371	798,592,546	2,335,539,691
1998	35%	770,133,530	2,200,381,514	25%	44,953,984	179,815,936	35%	53,958,310	154,166,600	869,045,824	2,534,364,050
1999	35%	883,942,390	2,525,549,686	25%	67,767,810	271,071,240	35%	56,209,140	160,597,543	1,007,919,340	2,957,218,469
2000	35%	1,119,499,810	3,198,570,886	25%	80,381,764	321,527,056	35%	58,289,990	166,542,829	1,258,171,564	3,686,640,771
2001	35%	1,314,040,180	3,754,400,514	25%	100,711,129	402,844,516	35%	57,814,390	165,183,971	1,472,565,699	4,322,429,007
2002	35%	1,377,776,500	3,936,504,286	25%	109,991,816	439,967,264	35%	45,782,250	130,806,429	1,533,550,566	4,507,277,976
2003	35%	1,707,103,130	4,877,437,514	25%	134,155,435	536,621,740	35%	70,270,560	200,773,029	1,911,529,125	5,614,832,285
2004	35%	1,895,427,780	5,415,507,943	25%	106,351,884	425,407,536	35%	70,689,690	201,970,543	2,072,469,354	6,042,886,024
2005	35%	2,101,605,530	6,004,587,229	25%	108,881,867	435,527,468	35%	75,269,710	215,056,314	2,285,757,107	6,655,171,011

Source: Office of Auditor, Delaware County, Ohio

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OLENTANGY LOCAL SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Valuation)

Tax Year/ Collection Year	Delaware County	Delaware JVS	Delaware Library	Westerville Corp.	Columbus Corp./Orange Township	Olentangy Local School District			
						/-----Voted-----/ Gen. Fund	Bond	Unvoted	Total
1994/1995	7.12	2.50	0.40	0.00	6.60	31.40	7.45	5.00	43.85
1995/1996	7.12	2.50	0.37	13.89	0.00	31.40	6.85	5.00	43.25
1996/1997	6.12	4.40	0.29	14.17	0.00	31.40	4.61	5.00	41.01
1997/1998	6.12	3.40	0.31	14.14	0.00	31.40	6.44	5.00	42.84
1998/1999	6.12	3.40	0.29	14.10	6.10	31.40	5.17	5.00	41.57
1999/2000	6.72	3.40	0.24	14.02	6.10	38.60	6.17	5.00	49.77
2000/2001	5.92	3.40	0.19	13.99	6.10	38.60	6.20	5.00	49.80
2001/2002	5.61	3.20	0.18	13.95	11.75	38.60	6.20	5.00	49.80
2002/2003	5.61	3.20	0.15	17.85	12.15	38.60	6.96	5.00	50.56
2003/2004	5.61	3.20	0.12	17.51	14.55	38.60	6.90	5.00	50.50
2004/2005	5.61	3.20	0.09	17.40	14.00	49.10	6.90	5.00	61.00

Source: Office of Auditor, Delaware County, Ohio
Data provided on a collection year basis, the manner in which it is maintained by the County Auditor.

OLENTANGY LOCAL SCHOOL DISTRICT

Table 5

Berkshire Township	Berlin Township	Concord Township	Delaware Township	Genoa Township	Powell Corp.	Liberty Township	Orange Township	Columbus Corp.	Delaware Corp.
3.50	6.80	13.40	6.80	10.70	2.54	6.30	7.30	2.10	2.70
3.50	6.60	13.40	6.80	10.70	2.04	6.30	6.80	2.10	2.10
3.50	6.60	13.40	7.30	11.20	2.12	6.30	6.80	2.10	2.10
3.50	4.80	13.40	7.30	11.20	3.09	6.80	6.80	2.10	2.10
3.50	4.80	13.40	7.30	11.20	2.93	6.80	6.80	2.10	2.10
3.50	4.80	12.00	7.30	10.80	3.09	7.63	6.80	2.10	2.10
3.50	4.80	12.00	7.30	12.80	5.22	7.12	12.45	2.10	2.10
3.50	4.80	12.00	7.30	12.80	3.13	7.45	12.45	2.10	2.10
3.50	5.30	12.00	7.30	12.80	5.30	9.40	12.85	2.10	2.10
3.50	5.30	12.00	7.30	12.80	4.95	9.32	15.25	2.10	2.10
3.50	5.30	12.00	7.30	12.80	4.01	9.30	14.70	2.10	2.10

Table 6

**OLENTANGY LOCAL SCHOOL DISTRICT
Principal Property Taxpayers**

Real Property (2005 collection year)

<u>Name</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation *</u>
1) Banc One Management Corporation	\$ 15,090,270	0.66%
2) Knickerbocker Properties INC XLII	9,661,760	0.42%
3) National Mutual Insurance Company	9,115,440	0.40%
4) Tuller Square Northpointe LLC	8,185,450	0.36%
5) Kroger Company	6,353,640	0.28%
6) 8355 Highfield Drive (VOLVO) Associates LL	6,150,140	0.27%
7) NP Limited Partnership	5,986,760	0.26%
8) Worthington LLC	5,509,010	0.24%
9) Polaris Amphitheater Concerts INC	5,433,020	0.24%
10) Rennob Inc.	5,422,500	0.24%

Tangible Personal Property (2004 collection year)

1) Banc One Corporation Mortgage Corp	5,303,920	0.23%
2) ATS Ohio, Inc.	3,760,680	0.16%
3) Sears Roebuck & Co	3,644,420	0.16%
4) May Department Stores	3,228,740	0.14%
5) Richs Department Stores	2,626,430	0.11%
6) Rockwell International	2,490,160	0.11%
7) McGraw Hill Companies, Inc	2,372,190	0.10%
8) Exel INC	2,271,690	0.10%
9) Abrasive Technology	2,189,200	0.10%
10) Tamarkin Company	2,118,930	0.09%

Public Utility (2005 collection year)

1) Columbus Southern Power Company	44,955,750	1.97%
2) American Transmissions Systems Inc.	5,933,760	0.26%
3) Verizon North, Inc.	5,828,190	0.25%
4) Ohio Bell Telephone Co.	3,166,830	0.14%
5) Columbia Gas of Ohio	2,074,040	0.09%
6) Ohio Power Company	1,817,440	0.08%
7) Norfolk Southern Combined Railroad-SUBS.	1,296,480	0.06%
8) CSX Transportation Inc.	1,177,290	0.05%
9) Ohio Edison Co	1,124,180	0.05%
10) Suburban Natural Gas CO	1,118,190	0.05%

TOTAL PRINCIPAL TAXPAYERS	\$ 175,406,500	7.67%
ALL OTHERS	\$ 2,110,350,607	92.33%
TOTAL ASSESSED VALUATION	<u>\$ 2,285,757,107</u>	<u>100.00%</u>

*Percent based on Collection Year 2004 Assessed Valuation

Source: Office of the Auditor, Delaware County, Ohio

Table 7

OLENTANGY LOCAL SCHOOL DISTRICT
Computation of Legal Debt Margin
June 30, 2005

Total Assessed Valuation (1)	\$ 2,285,757,107
------------------------------	------------------

OVERALL DEBT LIMITATION

9 % of assessed valuation (2)	<u>439,378,758</u>
Gross indebtedness	251,401,756
Less: Debt outside limitations	<u>(10,000,000)</u>
Debt subject to 9% limitations	241,401,756
Less: Debt service fund balance	<u> </u>
Net debt subject to limitations	<u>241,401,756</u>
Legal debt margin within 9% limitation	<u><u>\$ 197,977,002</u></u>

UNVOTED DEBT LIMITATION

.1% of assessed valuation	<u>\$ 2,285,757</u>
Gross indebtedness	
Less: Debt outside limitations	-
Debt subject to limitations	<u>-</u>
Legal debt margin within .1% limitation	<u><u>\$ 2,285,757</u></u>

Note: (1) Assessed valuation from table 4.

(2) Amount is greater than 9% due to District being approved as a "special needs district" based on its 10-year growth in assessed valuation, as authorized by Ohio Revised Code 133.06.

Source: Office of the Treasurer, Olentangy Local School District

Table 8

OLENTANGY LOCAL SCHOOL DISTRICT
Ratio of Net General Debt
to Assessed Value and Debt per Capita (1)
Last Ten Fiscal Years

Fiscal Year	Estimated Population (1)	Assessed Value Real & Personal Property (2)	General Debt (3)	Ratio of General Debt to Assessed Value	General Debt Per Capita
1996	21,409	640,430,164	48,966,750	0.0765	2,287
1997	23,550	798,592,546	64,181,750	0.0804	2,725
1998	24,514	869,045,824	62,921,750	0.0724	2,567
1999	27,634	1,007,919,340	87,931,019	0.0872	3,182
2000	32,182	1,258,171,564	101,849,019	0.0810	3,165
2001	38,773	1,472,565,699	98,329,377	0.0668	2,536
2002	45,422	1,533,550,566	152,678,010	0.0996	3,361
2003	49,024	1,911,529,125	188,968,533	0.0989	3,855
2004	52,399	2,072,469,354	247,141,777	0.1192	4,717
2005	55,128	2,285,757,107	251,401,756	0.1100	4,560

Notes:

- (1) Census for the Olentangy Local School District as such was not available between 1996 and 2001. Information relating to the City of Powell, Liberty, Berlin and Orange Townships, (each of which is located substantially within the School District) was used to calculate this estimate. Starting in 2002 Delaware County began estimating population for the school district. The population reported is the estimated amount for the calendar year. Information obtained from Delaware County Regional Planning.
- (2) Assessed value from Table 4.
- (3) Office of the Treasurer, Olentangy Local School District

Source: Office of the Treasurer, Olentangy Local School District

Table 9

OLENTANGY LOCAL SCHOOL DISTRICT
Ratio of Annual General Obligation Bonded Debt Service Expenditures
to Total General Governmental Expenditures
Last Ten Years

Fiscal Years	Total Debt Repayment (1)	Total General Governmental Expenditures (2)	Ratio of General Obligation Bond Debt Service to Total General Governmental Expenditures
1996	4,645,184	40,974,477	0.1134
1997	4,671,284	33,342,745	0.1401
1998	21,660,198	62,532,553	0.3464
1999	5,423,373	40,192,273	0.1349
2000	6,085,726	50,064,723	0.1216
2001	24,915,950	90,885,834	0.2741
2002	40,130,023	112,614,910	0.3563
2003	12,920,248	132,547,948	0.0975
2004	13,885,449	112,196,028	0.1238
2005	17,435,864	119,295,615	0.1462

Note:

- (1) Bond Anticipation Notes (BANs) were issued against 1994, 1997, 2000 and 2002 bond issues. The notes were issued and repaid with bond proceeds during fiscal years 1995, 1998, 2001 and 2002.
- (2) General governmental expenditures include all governmental fund types expenditures.

Source: Office of the Treasurer, Olentangy Local School District

Table 10

OLENTANGY LOCAL SCHOOL DISTRICT
Computation of Direct and Overlapping Debt
June 30, 2005

<u>Overlapping Units</u>	Estimate Outstanding Debt	Percent Overlapping	Applicable to Olentangy Local School District
Delaware County	\$ 32,790,000	46.78%	\$ 15,339,162
Franklin County	89,675,000	0.01%	8,968
City of Columbus	401,425,000	1.38%	5,539,665
City of Delaware	8,500,000	2.98%	253,300
City of Powell	27,360,000	100.00%	27,360,000
City of Westerville	6,760,000	2.75%	185,900
Concord Township	127,108	16.32%	20,744
Liberty Township	5,744,984	99.86%	5,736,941
Delaware Co. Library	625,721	63.00%	394,204
Solid Waste Authority of Central Ohio	29,670,000	0.88%	261,096
	<u>602,677,813</u>		<u>55,099,980</u>
Olentangy Local School District	<u>223,291,756</u>	100.00%	<u>223,291,756</u>
Total	<u>\$ 825,969,569</u>		<u>\$ 278,391,736</u>

Source: Ohio Municipal Advisory Council July 1, 2005

Table 11

**Olentangy Local School District
Demographic Statistics
Enrollment Data (1)
Last Ten Years**

Year	Elementary Schools Enrollment	Middle School Enrollment	High School Enrollment	Total School Enrollment
1996	1,797	799	864	3,460
1997	1,962	878	992	3,832
1998	2,260	986	1,092	4,338
1999	2,678	1,136	1,157	4,971
2000	3,005	1,200	1,284	5,489
2001	3,497	1,387	1,461	6,345
2002	3,798	1,458	1,546	6,802
2003	4,162	1,683	1,703	7,548
2004	4,736	1,878	1,968	8,582
2005	5,229	2,192	2,194	9,615

Source: Olentangy Local School District

(1) Enrollment the last day of the school year

OLENTANGY LOCAL SCHOOL DISTRICT
New Construction, Bank Deposits and Real Property Values
Last Ten Years

Table 12

Collection Year	New Construction - Entire Delaware County (1)			Bank Deposits (2)	Real Property Values - Entire Delaware County (1)		
	Agricultural/ Residential	Commercial/ Industrial	Total		Agricultural/ Residential	Commercial/ Industrial	Public Utility
1995	73,919,490	14,552,460	88,471,950	243,856,000	1,173,077,910	203,241,190	420,570
1996	93,017,130	10,420,320	103,437,450	279,091,000	1,291,884,120	207,388,500	454,630
1997	84,307,140	29,649,640	113,956,780	322,576,000	1,572,128,350	263,777,690	636,330
1998	102,210,220	14,498,990	116,709,210	n/a	1,697,250,260	280,073,940	568,730
1999	118,504,620	28,453,030	146,957,650	n/a	1,851,792,270	322,212,030	600,800
2000	150,767,430	36,121,110	186,888,540	n/a	2,294,190,810	413,775,480	636,430
2001	178,842,590	73,596,520	252,439,110	n/a	2,504,397,000	509,803,270	588,580
2002	187,150,890	27,990,800	215,141,690	n/a	2,753,065,960	455,986,150	556,950
2003	192,299,860	28,594,740	220,894,600	n/a	3,302,791,850	551,294,680	560,650
2004	239,679,710	27,910,020	267,589,730	n/a	3,589,512,490	589,973,330	588,350

Sources: (1) Office of the County Auditor, Delaware County, Ohio.

(2) State of Ohio, Department of Commerce, Banks Division. Total deposits of all banks headquartered in Delaware County.

n/a Not available

Table 13

OLENTANGY LOCAL SCHOOL DISTRICT
Miscellaneous Statistics

Date of Incorporation 1952

Enrollment - May 2005 9,615

Staff - June 2005

Certified 698

Classified 430

Total 1128

Buildings:

High School 2

Middle School 3

Elementary School 8

Bus Compound 1

Maintenance Facility 1

	Olentangy	State Average
Expenditure Per Pupil - FY05	\$ 8,828	\$ 9,052

Standardized Test Scores:	Olentangy	Ohio	Nation
2004-05 American College Test (ACT) Composite	233	21.4	20.9
2004-05 Scholastic Aptitude Test (SAT) Average			
Verbal	536	539	508
Math	556	543	520

Advanced Placement Course Participation:

(% of Juniors/Seniors)

2002-03 28.0%

2003-04 33.0%

2004-05 48.0%

National Merit Scholars	# Commended	# Semi-Final/Finalists	Total
2004-05	8	4	12

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