

TALAWANDA SCHOOL DISTRICT, OHIO

Single Audit Reports

June 30, 2006



**Auditor of State
Betty Montgomery**

Board of Education
Talawanda School District
131 W. Chestnut Street
Oxford, Ohio 45056

We have reviewed the *Independent Auditors' Report* of the Talawanda School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Talawanda School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 18, 2006

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TALAWANDA SCHOOL DISTRICT, OHIO

Table of Contents

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2 - 3
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	4 - 5
Schedule of Findings and Questioned Costs	6
Schedule of Prior Audit Findings	7

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2006

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Nutrition Cluster:				
Food Donation	n/a	10.550	\$ 91,200	91,200
School Breakfast Program	05PU	10.553	35,716	35,716
National School Lunch Program	LLP4	10.555	<u>173,179</u>	<u>173,179</u>
Total U.S. Department of Agriculture			<u>300,095</u>	<u>300,095</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education - Grants to States	6BSF	84.027	674,252	592,316
Special Education - Preschool Grants	PGS1	84.173	<u>15,890</u>	<u>9,458</u>
Total Special Education Cluster			<u>690,142</u>	<u>601,774</u>
Title I Grants to Local Educational Agencies	C1S1/C1SD	84.010	300,892	312,041
Safe and Drug-Free Schools and Communities	DRS1	84.186	19,136	15,694
Innovative Education Program Strategies	C2S1	84.298	4,426	8,060
Education Technology State Grants	TJS1	84.318	8,697	8,280
Improving Teacher Quality State Grants	TRS1	84.367	110,886	141,230
Vocational Education - Basic Grants to States	n/a	84.048	10,000	6,438
Hurricane Education Recovery	n/a	84.938	<u>14,500</u>	<u>14,500</u>
Total U.S. Department of Education			<u>1,158,679</u>	<u>1,108,017</u>
Total Federal Awards			\$ <u>1,458,774</u>	<u>1,408,112</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Talawanda School District, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Talawanda School District, Ohio (the School District) as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

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

Clark, Schaefer, Harkett & Co.

Cincinnati, Ohio
October 6, 2006



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

To the Board of Education
Talawanda School District, Ohio:

Compliance

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

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

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

Internal Control Over Compliance

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
October 6, 2006

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Findings and Questioned Costs

Year Ended June 30, 2006

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Reportable condition(s) identified that are not considered to be material weaknesses?	no
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Reportable condition(s) identified not considered to be material weaknesses?	no
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of major programs:

CFDA 84.010 – Title I Grants to Local Educational Agencies

Special Education Cluster:

CFDA 84.027 – Special Education - Grants to States

CFDA 84.173 – Special Education - Preschool

Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
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Auditee qualified as low-risk auditee?	yes
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Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Prior Audit Findings

Year Ended June 30, 2006

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with internal controls over compliance were reported in the prior year.

Talawanda School District Oxford, Ohio

Comprehensive Annual Financial Report



(Bogan Elementary – Substantially Completed)

Fiscal Year Ended June 30, 2006

Talawanda School District
Oxford, Ohio

Comprehensive Annual Financial Report
For the Year ended June 30, 2006

Board of Education

Mark Butterfield	-	Board President
Darrell Smith	-	Board Vice-President
Mollie Hansel	-	Board Member
Robert Huff	-	Board Member
Dr. Robert Sherman	-	Board Member

Superintendent of Schools

Dr. Philip F. Cagwin

Issued By

Treasurer's Office

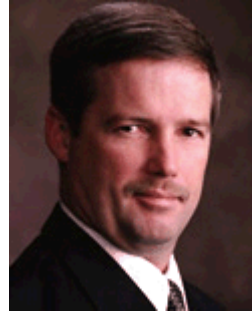
James M. Rowan, CFO/Director of Business Affairs

Talawanda School District

Board of Education



Mark Butterfield – President



Darrell Smith – Vice-President



Mollie Hansel – Member



Robert Huff – Member



Robert Sherman - Member



Philip F. Cagwin –Superintendent



James M. Rowan, CFO

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2006**

TABLE OF CONTENTS

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	v
ASBO Certificate of Excellence in Financial Reporting	vi
List of Principal Officials	vii
List of Consultants and Advisors	viii
Organization Chart	ix
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Statement of Net Assets - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets	19
Notes to the Basic Financial Statements	20
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis) - General Fund	44
Notes to Required Supplementary Information	45

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Supplemental Section:	
Fund Descriptions	48
Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	53
Combining Balance Sheet - Nonmajor Special Revenue Funds	54
Combining Balance Sheet - Nonmajor Capital Projects Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	64
Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) for the following funds:	
Public School Support Fund	65
Athletic Fund	66
Auxiliary Services Fund	67
Entry Year Teacher Fund	68
Management Information Systems Fund	69
Disadvantaged Pupil Impact Aid Fund	70
State Connectivity Fund	71
Schoolnet Professional Development Fund	72
Ohio Reads Grant Fund	73
Summer School Subsidy Fund	74
High Schools That Work Fund	75
Miscellaneous State Grants Fund	76
Poverty Based Assistance Fund	77
Title VI-B Fund	78
Title I Fund	79
Title VI Fund	80
Drug Free Schools Fund	81
EHA Preschool Handicapped Fund	82
Critical Transitions Fund	83
Class Size Reduction Grant Fund	84
Miscellaneous Federal Grants Fund	85
Special Revenue Fund	86
Food Service Fund	87
Uniform School Supplies Fund	88
Debt Service Fund	89
Permanent Improvement Fund	90
Building Fund	91
Schoolnet Fund	92
Combining Statement of Net Assets - Agency Funds	93
Combining Statement of Changes in Fiduciary Net Assets - Agency Funds	94

TABLE OF CONTENTS

(Continued)

Page

STATISTICAL SECTION

Net Assets by Component	96
Changes in Net Assets of Governmental Activities	97
Fund Balances - Governmental Funds	99
Changes in Fund Balances - Governmental Funds	100
Assessed and Estimated Actual Value of Taxable Property	101
Property Tax Rates	102
Principal Taxpayers	103
Property Tax Levies and Collections	104
Ratio of Debt to Assessed Value and Debt per Capita	105
Computation of Direct and Overlapping Debt Attributable to Governmental Activities	106
Computation of Legal Debt Margin	107
Demographic and Economic Statistics	109
Principal Employers	110
School District Employees by Function/Program	111
Building Statistics	112
Operating Statistics	113
Full-Time Equivalent Teachers by Education	114

Introductory Section



(Bogan Elementary Construction in Progress)

October 6, 2006

To the Citizens and Board of Education of the Talawanda School District:

Ohio law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Talawanda School District for the year ended June 30, 2006.

This report consists of management's representations concerning the finances of the Talawanda School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Talawanda School District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Talawanda School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Talawanda School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Talawanda School District's financial statements have been audited by Clark, Schaefer, Hackett & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Talawanda School District for the year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Talawanda School District's financial statements for the year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Talawanda School District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only to the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Talawanda School District’s separately issue Single Audit Report.

Generally accepted accounting principals (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Talawanda School District’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE SCHOOL DISTRICT

The Talawanda School District is located in the northwestern section of Butler County, Ohio, and encompasses the City of Oxford. The School District has an area of 145 square miles and an approximate residential population of 18,968 and an approximate University population of 16,000. The School District is primarily a residential and farming community. The Talawanda School District had 3,010 students enrolled in its two elementary schools, middle school, and high school during the year ended June 30, 2006. In addition to the schools listed, the School District maintained and operated a transportation facility, maintenance building, central office building, and several sports fields.

A five member Board of Education serves as the taxing authority, contracting body, and policy maker for the Talawanda School District. The Board adopts the annual operating budget, tax budget and approves all expenditures of School District tax moneys. The Superintendent is the chief executive officer of the School District, responsible to the Board for total education and support operations. The Treasurer is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds and investment of idle funds as specified by Ohio law. Other Board appointed officials, reporting to the Superintendent, are an Assistant Superintendent, building principals, and directors of various educational and support services.

The Talawanda School District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general and college preparatory levels; a broad range of co-curricular and extra curricular activities; adult and community education offerings; special education programs and facilities; and community recreation facilities. In addition to providing these general activities, the School District acts as fiscal agent for State funds distributed to private schools located within the School District boundaries; therefore this activity is included in the reporting entity. The McGuffey Foundation School is the only school served. While the McGuffey Foundation shares operational and service similarities with the School District, each are separate and distinct entities. Because of its independent nature, the McGuffey Foundation School's financial statements are not included in this report.

FACTORS AFFECTING FINANCIAL CONDITION:

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

Local Economy:

The School District is located in the Miami Valley Region of Southwest Ohio. The School District is midway between Cincinnati and Dayton in rapidly growing Butler County and borders the Indiana State line. The area served by the School District is primarily an industrial and agricultural area.

The community is primarily an outgrowth of the development of Miami University, a state university. Miami University continues to play a prominent role in the development of the community. The property of the University is tax exempt and thus does not support the School District. As the largest employer, the University, its students and its faculty have the primary impact on the economy. The University continues to enjoy a healthy financial outlook.

The School District's economy is not solely tied to the University. Besides manufacturing and healthcare employers, many of our residents commute to the Cincinnati and Dayton areas each day. In general, the economy of the School District continues to hold steady with moderate growth in new home construction. Commercial development is also occurring in the Southeast corner of the School District and within Oxford. In 1999, Oxford created a Community Improvement Corporation (CIC) to promote economic development within the City and Oxford Township.

Long-Term Financial Planning:

During the 2005-2006 school year the Talawanda School District continued its participation in the Ohio School Facilities Commission Expedited Local Partnership Program Assessment Plan. This program enabled a group of architects employed by the Ohio School Facilities Commission to assess the condition of School District facilities to allow for state funding for school facilities. As a result of this study the Talawanda Board of Education developed a facilities master plan to meet the needs of the School District for the next several years. The Talawanda School District will continue to seek voter approval to fund the much needed facility renovations as outlined in the plan. Based on the School District's wealth factor the state would provide a 24% match on all approved projects. While the state does not anticipate that funding would be available for the Talawanda School District until 2009, the School District would be permitted to proceed under the Expedited Local Partnership Program with the understanding that state funding would be credited in the future.

The Talawanda School District prepares a five-year forecast outlining operational revenues and expenditures based on current assumptions. The five-year forecast must be filed with the Ohio Department of Education in October of each year and then revised the following May. The five-year forecast is used as a management tool in determining the operational needs of the School District. Ohio law prohibits a school district from closing its doors due to lack of funds. It is the responsibility of the Board of Education to ensure the School District presents a balanced budget on an annual basis. The five-year forecast provides management with essential information needed to seek additional revenue or to reduce services in order to maintain a balanced budget.

AWARDS AND ACKNOWLEDGEMENTS:

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the School District for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2005. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles 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.

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the year ended June 30, 2005 to the School District. The Certificate of Excellence is the highest form of recognition for excellence in school district financial reporting and was awarded for this School District's eighth annual report produced under Generally Accepted Accounting Principles.

This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the year ended June 30, 2006, will also conform to its principles and standards.

Acknowledgments

The preparation and publication of this report on a timely basis could not have been possible without the cooperation of the entire Treasurer's Staff.

Finally, this report would not have been possible without the foresight of the Board of Education who approved the resources to achieve this project. Without their leadership and commitment to excellence this report would not be possible.

Sincerely,

James M. Rowan
CFO/Director of Business Affairs

Dr. Philip F. Cagwin
Superintendent of Schools

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Talawanda City School
District, Ohio

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

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



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

TALAWANDA SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

TALAWANDA SCHOOL DISTRICT
APPOINTED OFFICIALS
AS OF JUNE 30, 2006

Official

Philip Cagwin

James M. Rowan

Kelly Spivey

David McDaniel

Susan Meyer

Title

Superintendent

CFO/Director of Business Affairs

Assistant Superintendent

Director of Technology

Director of Special Education

Elected Officials

Robert Huff

Robert Sherman

Mark Butterfield

Mollie Hansel

Darrell Smith

Term Expiration

December 31, 2009

December 31, 2007

December 31, 2007

December 31, 2009

December 31, 2007

TALAWANDA SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2006

Architects

Steed-Hammond-Paul
82 Williams Avenue
Hamilton, Ohio 45015

Construction Managers

Skillman Corporation
3834 S. Emerson Avenue
Indianapolis, Indiana 46203

Bond Council

Peck, Shaffer and Williams
425 Walnut Street
Cincinnati, OH 45202

Independent Auditor

Clark, Schaefer, Hackett & Co.
105 East Fourth Street
16th Floor
Cincinnati, Ohio 45202

Investment Counselors

Seasongood and Mayer
Municipal Bonds and Investment Securities
414 Walnut Street
Cincinnati, OH 45202

Legal Council

Ennis, Roberts and Fischer
121 W. Ninth Street
Cincinnati, OH 45202

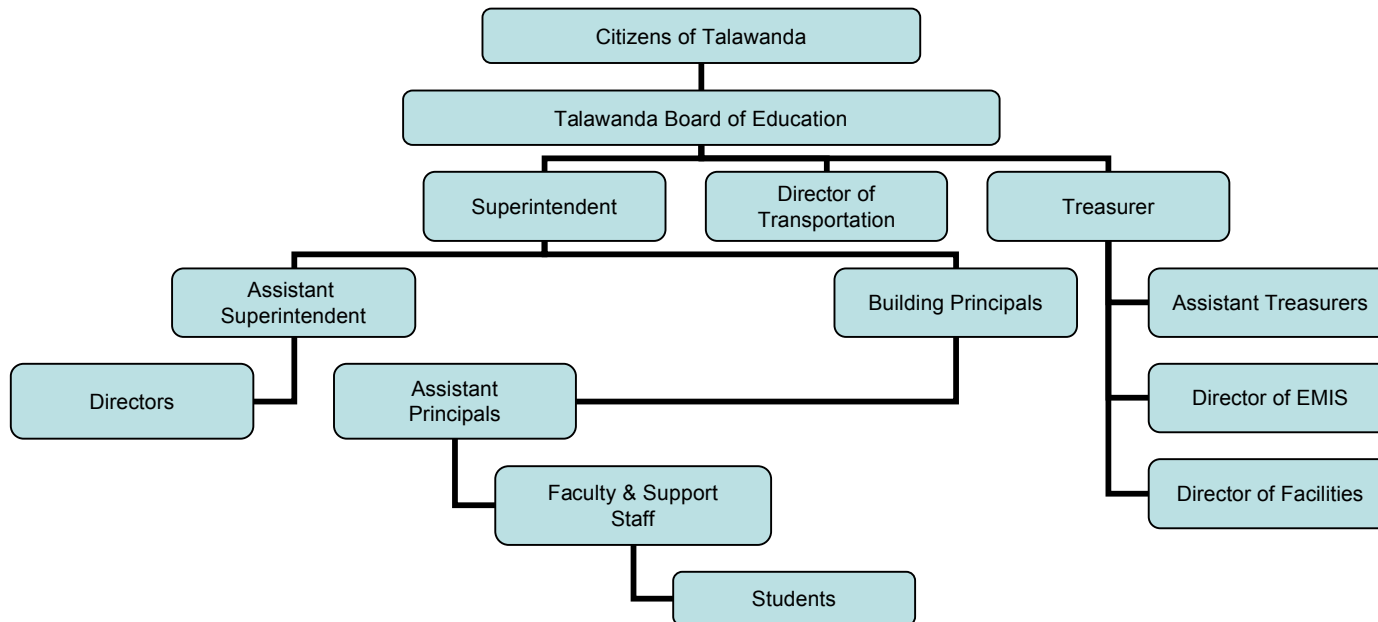
Official Depositories

First Financial Bank
25 W. High Street
Oxford, OH 45056

Workers Compensation

The Sheakley Group of Companies
100 Merchant Street, Suite 100
Cincinnati, Ohio 45246

Talawanda School District, Ohio Organizational Chart As of June 30, 2006



Financial Section



(Bogan Elementary Construction in Progress)



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Talawanda School District, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Talawanda School District, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 School District, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, on our consideration of School 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 the budgetary comparison information on pages 3 through 11 and 44 through 45, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 6, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Talawanda School District for the year ended June 30, 2006. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2006 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$19.2 million. Of this amount, \$7.2 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets increased by \$2.5 million.
- ✓ The School District had \$29.8 million in expenses related to governmental activities; only \$3.0 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$29.3 million, made up primarily of property taxes and State Foundation payments, was used to provide for these programs.
- ✓ The General Fund balance increased by \$2.1 million from \$4.9 million at June 30, 2005 to \$7.0 million at June 30, 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District has no business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual governmental funds. The most significant funds, known as major funds, are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. The School District has three major funds: the General Fund, Debt Service Fund and Building Construction Fund. Data for the other governmental funds is combined into a single aggregated presentation.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

Notes to the basic financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2006:

	<u>FY06</u>	<u>FY05</u>
Current and other assets	\$ 30,392,950	32,811,188
Capital assets	<u>21,690,917</u>	<u>13,209,345</u>
Total assets	<u>52,083,867</u>	<u>46,020,533</u>
Long-term liabilities outstanding	13,725,631	11,294,041
Other liabilities	<u>19,106,347</u>	<u>18,020,606</u>
Total liabilities	<u>32,831,978</u>	<u>29,314,647</u>
Net assets:		
Invested in capital assets, net of debt	10,925,808	11,225,988
Restricted:		
For capital projects	405,075	344,548
For debt service	424,080	303,758
For other purposes	309,048	260,836
Unrestricted	<u>7,187,878</u>	<u>4,570,756</u>
Total net assets	<u>\$ 19,251,889</u>	<u>16,705,886</u>

The largest portion of the School District's net assets (57%) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net assets (\$7,187,878) may be used to meet the government's ongoing obligations to citizens and creditors.

Current assets declined due to usage of cash for construction project but were partially offset by an increase in operating results and increased taxes receivable – both of which were primarily related to school district income tax. Long-term liabilities increased due to new lease-purchase agreement. The \$1 million increase in other liabilities is related to increases in accounts payable due to the construction project and increases in deferred revenue. Deferred revenue generally increases as property tax receivables increase.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

B. Governmental Activities during fiscal year 2006

The following table presents a condensed summary of the School District's activities during fiscal year 2006 and the resulting change in net assets:

	<u>FY06</u>	<u>FY05</u>
Revenues:		
Program revenues:		
Charges for services and sales	\$ 1,323,035	1,058,461
Operating grants and contributions	1,683,805	1,748,889
Capital grants and contributions	<u>19,745</u>	<u>-</u>
Total program revenues	<u>3,026,585</u>	<u>2,807,350</u>
General revenues:		
Taxes	18,064,442	14,416,468
Grants and entitlements	10,256,911	10,339,073
Investment earnings	567,201	381,563
Miscellaneous	457,746	528,598
Gain on sale of assets	<u>-</u>	<u>3,308</u>
Total general revenues	<u>29,346,300</u>	<u>25,669,010</u>
Total revenues	<u>32,372,885</u>	<u>28,476,360</u>
Expenses:		
Instruction	16,644,645	16,163,908
Support services:		
Pupil	1,402,300	1,475,051
Instructional staff	1,851,673	1,775,739
Board of Education	37,029	85,720
Administration	1,845,575	1,727,932
Fiscal	866,779	758,058
Business	7,778	5,855
Operation and maintenance of plant	3,045,403	2,937,568
Pupil transportation	1,985,823	1,904,205
Central	104,377	115,561
Non-instructional services	496,928	710,761
Interest on long-term debt	471,917	545,755
Food services	<u>1,066,655</u>	<u>1,072,859</u>
Total expenses	<u>29,826,882</u>	<u>29,278,972</u>
Change in net assets	<u>\$ 2,546,003</u>	<u>(802,612)</u>

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

Of the total governmental activities revenues of \$32,372,885, (\$3,026,585) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$18,064,442 (62%) comes from property and income taxes and \$10,256,911 (35%) is from state and federal funding. The School District's operations are reliant upon its property tax levy, income taxes and the state's foundation program.

The School District experienced a \$3.6 million increase in taxes due to the school district income tax as well as recent property value update. Expenditures were held to just under 2% primarily due to retirements and operating efficiencies.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 10% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$16,644,645 but program revenue contributed to fund 8% of those costs. Thus, general revenues of \$15,330,773 were used to support the remainder of the instruction costs.

The School District's governmental activities net assets increased by \$2,546,003 due primarily to increased tax revenue associated with the school district income tax and property value update.

Governmental Activities

		<u>Total Cost of Services</u>	<u>Program Revenue</u>	Revenues as a % of <u>Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$	16,644,645	1,313,872	8%	15,330,773
Support services		11,146,737	574,159	5%	10,572,578
Non-instructional services		496,928	141,695	29%	355,233
Food service		1,066,655	996,859	93%	69,796
Interest on long-term debt		<u>471,917</u>	<u>-</u>	0%	<u>471,917</u>
Total	\$	<u>29,826,882</u>	<u>3,026,585</u>	<u>10%</u>	<u>26,800,297</u>

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has three major governmental funds: the General Fund, Debt Service Fund, and Building Construction Fund. Assets of these funds comprise \$27,606,767 (91%) of the total \$30,459,000 governmental funds assets.

General Fund. Fund balance at June 30, 2006 was \$7,085,637, including \$6,018,585 of unreserved balance, which represents 24% of expenditures for fiscal year 2006. The primary reason for the increase in fund balance is due to increased revenues associated with the school district income tax and property value update.

Debt Service Fund. Fund balance at June 30, 2006 was \$399,080, which represents resources available to meet future debt service requirements. Fund balance increased due to current year property tax collections exceeding the required annual debt service of general obligation bonds.

Building Construction Fund. Fund balance at June 30, 2006 was \$1,667,437, which represents the remaining proceeds from bonds associated with the construction of a new elementary school. Construction was ongoing throughout the fiscal year and was nearly complete as of year-end which caused the fund balance decrease from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. Significant differences between the original and final budget are as follows:

Interest income increased 78% due to higher cash balances and higher interest rates. Tuition & Fees decreased 9% due to a decline in tuition billings associated with special needs students. Other instruction increased due to a reclassification of teachers from regular instruction to other instruction. Board of Education expenditures decreased by 56% due to fewer board meetings and a significant reduction in liability insurance. Operation and maintenance of plant increased 13% due to maintenance needs of the district. Capital outlay decreased by 63% due to funds from the Permanent Improvement Fund. Advances out decreased by 810% due to fewer federal funds needing advances.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2006, the School District had invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was approximately 64%. See Note 7 to the financial statements for more detail.

Governmental Activities
Capital Assets at Year-End
(Net of Depreciation)

		<u>FY06</u>	<u>FY05</u>
Land	\$	1,251,619	1,251,619
Construction in progress		10,603,318	2,893,135
Land improvements		520,640	330,728
Buildings and improvements		8,074,785	7,416,747
Furniture and equipment		1,061,139	1,138,279
Vehicles		<u>179,416</u>	<u>178,837</u>
Total	\$	<u><u>21,690,917</u></u>	<u><u>13,209,345</u></u>

Major capital asset events during the current fiscal year included construction in progress associated with the construction of a new elementary school and improvement of facilities district wide.

Debt

During 2006, the School District issued a \$2,593,000 capital lease to cover unexpected construction costs associated with the construction of a new elementary school. As of June 30, 2006, the balance of outstanding capital leases was \$3,085,000.

As of June 30, 2006 the balance of outstanding general obligation bonds is \$8,865,000.

See Note 12 to the financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

ECONOMIC FACTORS

A challenge facing the School District is the future of state funds. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The School District is projecting flat enrollment for the foreseeable future. The School District is currently receiving the same amount of state aid as it did in 1998. Due to higher property valuations and lower enrollment, the School District is on the guarantee by nearly \$2 million. Unless significant changes are made to the state funding formula, any costs associated with enrollment growth will come without state support.

In November 2004, the School District passed a 1% School District Income Tax that is expected to generate \$3.9 million annually. The School District is working hard to produce a balanced budget through the 2009-10 school year. In an attempt to identify alternative revenue, the Talawanda Board of Education implemented a policy to accept students from other school districts through open enrollment at the middle school and high school level for 2005-06. This initiative generated approximately \$80,000 during FY2006. The Talawanda Board of Education voted to accept open enrollment at the elementary schools in 2006-07 with the opening of the new elementary school.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Talawanda School District, 131 West Chestnut Street, Oxford, Ohio 45056.

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 11,267,181
Receivables:	
Taxes	18,089,000
Accounts	43,544
Intergovernmental	471,505
Interest	57,911
Supplies inventory	27,000
Prepays	72,525
Restricted assets	202,876
Deferred charges	161,408
Nondepreciable capital assets	11,854,937
Depreciable capital assets, net	<u>9,835,980</u>
Total assets	<u><u>52,083,867</u></u>
Liabilities:	
Accounts payable	1,126,397
Accrued wages and benefits	2,484,929
Pension obligation payable	695,891
Unearned revenue	14,765,000
Accrued interest payable	34,130
Noncurrent liabilities:	
Due within one year	499,664
Due within more than one year	<u>13,225,967</u>
Total liabilities	<u><u>32,831,978</u></u>
Net Assets:	
Invested in capital assets, net of related debt	10,925,808
Restricted for:	
Capital projects	405,075
Debt service	424,080
Other purposes	309,048
Unrestricted	<u>7,187,878</u>
Total net assets	\$ <u><u>19,251,889</u></u>

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Activities
Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 13,099,550	578,544	208,976	-	\$ (12,312,030)
Special education	2,383,506	-	526,352	-	(1,857,154)
Adult/continuing	1,161,589	-	-	-	(1,161,589)
Support services:					
Pupil	1,402,300	-	187,169	-	(1,215,131)
Instructional staff	1,851,673	-	217,601	-	(1,634,072)
Board of Education	37,029	-	-	-	(37,029)
Administration	1,845,575	-	149,644	-	(1,695,931)
Fiscal	866,779	-	-	-	(866,779)
Business	7,778	-	-	-	(7,778)
Operation and maintenance of plant	3,045,403	-	-	-	(3,045,403)
Pupil transportation	1,985,823	-	-	19,745	(1,966,078)
Central	104,377	-	-	-	(104,377)
Non-instructional services:					
Extracurricular activities	462,902	97,473	-	-	(365,429)
Community service	34,026	-	44,222	-	10,196
Food service	1,066,655	647,018	349,841	-	(69,796)
Interest on long-term debt	471,917	-	-	-	(471,917)
Total Governmental Activities	\$ 29,826,882	1,323,035	1,683,805	19,745	(26,800,297)

General Revenues:

Property taxes, levied for general purposes	11,782,454
Property taxes, levied for debt services	605,295
Property taxes, levied for capital projects	1,016,982
Income taxes	4,659,711
Grants and entitlements not restricted to specific programs	10,256,911
Investment earnings	567,201
Miscellaneous	457,746
Total general revenues	29,346,300
Change in net assets	2,546,003
Net assets beginning of year	16,705,886
Net assets end of year	\$ 19,251,889

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Balance Sheet

Governmental Funds

June 30, 2006

	General	Debt Service Fund	Building Construction Fund	Other Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 7,012,478	381,080	2,587,830	1,285,793
Restricted cash	202,876	-	-	-
Receivables:				
Taxes	16,272,000	676,000	-	1,141,000
Accounts	18,830	-	-	24,714
Accrued interest	49,723	-	7,399	789
Intergovernmental	98,568	-	-	372,937
Prepays	72,525	-	-	-
Supplies inventory	-	-	-	27,000
Interfund receivable	227,458	-	-	-
Total assets	<u>23,954,458</u>	<u>1,057,080</u>	<u>2,595,229</u>	<u>2,852,233</u>
Liabilities:				
Accounts payable	106,736	-	927,792	91,869
Accrued wages and benefits	2,331,452	-	-	153,477
Pension obligation payable	653,690	-	-	42,201
Interfund payable	-	-	-	227,458
Compensated absences payable	66,929	-	-	-
Deferred revenue	13,710,014	658,000	-	1,290,876
Total liabilities	<u>16,868,821</u>	<u>658,000</u>	<u>927,792</u>	<u>1,805,881</u>
Fund Balances:				
Reserved for:				
Encumbrances	477,651	-	858,321	237,208
Budget stabilization	202,876	-	-	-
Property taxes	314,000	18,000	-	31,000
Prepays	72,525	-	-	-
Supplies inventory	-	-	-	27,000
Debt service	-	381,080	-	-
Unreserved, reported in:				
General Fund	6,018,585	-	-	-
Special Revenue Funds	-	-	-	310,003
Capital Projects Funds	-	-	809,116	441,141
Total fund balances	<u>7,085,637</u>	<u>399,080</u>	<u>1,667,437</u>	<u>1,046,352</u>
Total liabilities and fund balances	\$ <u>23,954,458</u>	<u>1,057,080</u>	<u>2,595,229</u>	<u>2,852,233</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006

Total Governmental Funds <hr/> 11,267,181 202,876 18,089,000 43,544 57,911 471,505 72,525 27,000 227,458 <hr/> 30,459,000	Total Governmental Fund Balances	\$ 10,198,506
	Amounts reported for governmental activities in the statement of net assets are different because:	
	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,690,917
	Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.	893,890
	Deferred charges are not reported in the funds.	161,408
	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
1,126,397 2,484,929 695,891 227,458 66,929 15,658,890 <hr/> 20,260,494	General obligation bonds Compensated absences Lease-purchase agreement Accrued interest payable Total	9,103,879 1,469,823 3,085,000 34,130 <hr/> (13,692,832)
	Net Assets of Governmental Activities	\$ <u>19,251,889</u>
1,573,180 202,876 363,000 72,525 27,000 381,080 6,018,585 310,003 1,250,257 <hr/> 10,198,506 <hr/> 30,459,000		

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2006

	General	Debt Service Fund	Building Construction Fund	Other Governmental Funds
Revenues:				
Taxes	\$ 16,376,391	602,295	-	1,012,982
Tuition and fees	402,280	-	-	-
Interest	364,871	-	224,396	8,106
Charges for services	-	-	-	823,282
Intergovernmental	10,103,303	64,505	-	1,775,162
Other local revenues	237,269	-	20,000	297,950
Total revenues	<u>27,484,114</u>	<u>666,800</u>	<u>244,396</u>	<u>3,917,482</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,618,615	-	-	805,623
Special education	1,868,843	-	-	461,085
Other instruction	1,138,333	-	-	23,256
Support services:				
Pupil	1,087,491	-	-	294,049
Instructional staff	1,601,570	-	-	275,000
Board of Education	37,029	-	-	-
Administration	1,710,846	-	-	138,145
Fiscal	844,894	9,816	-	16,326
Business	7,778	-	-	-
Operation and maintenance of plant	2,782,896	-	-	98,390
Pupil transportation	1,959,943	-	-	1,861
Central	104,377	-	-	-
Non-instructional services:				
Extracurricular activities	539,451	-	-	96,167
Community service	354	-	-	37,869
Food service	-	-	-	1,000,221
Capital outlay	3,697	-	8,971,505	324,824
Debt Service:				
Principal	27,000	185,000	-	61,000
Interest and fiscal charges	460	411,505	43,000	22,009
Total expenditures	<u>25,333,577</u>	<u>606,321</u>	<u>9,014,505</u>	<u>3,655,825</u>
Excess of revenues over (under) expenditures	<u>2,150,537</u>	<u>60,479</u>	<u>(8,770,109)</u>	<u>261,657</u>
Other financing sources (uses):				
Transfers in	-	-	-	2,416
Transfers out	(2,416)	-	-	-
Issuance of debt from lease-purchase agreement	-	-	2,593,000	-
Total other financing sources (uses)	<u>(2,416)</u>	<u>-</u>	<u>2,593,000</u>	<u>2,416</u>
Net change in fund balance	2,148,121	60,479	(6,177,109)	264,073
Fund balance, beginning of year	4,937,516	338,601	7,844,546	782,279
Fund balance, end of year	\$ <u>7,085,637</u>	<u>399,080</u>	<u>1,667,437</u>	<u>1,046,352</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2006

<p>Total Governmental Funds</p> <hr/> <p>17,991,668 402,280 597,373 823,282 11,942,970 555,219</p> <hr/> <p>32,312,792</p> <p>12,424,238 2,329,928 1,161,589</p> <p>1,381,540 1,876,570 37,029 1,848,991 871,036 7,778 2,881,286 1,961,804 104,377</p> <p>635,618 38,223 1,000,221 9,300,026</p> <p>273,000 476,974</p> <hr/> <p>38,610,228</p> <hr/> <p>(6,297,436)</p> <p>2,416 (2,416)</p> <hr/> <p>2,593,000</p> <hr/> <p>2,593,000</p> <p>(3,704,436)</p> <hr/> <p>13,902,942</p> <hr/> <p>10,198,506</p>	<p>Net Change in Fund Balances - Total Governmental Funds</p> <p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>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.</p> <p style="padding-left: 40px;">Capital outlay</p> <p style="padding-left: 40px;">Depreciation expense</p> <p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p> <p>Repayment of lease agreements is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p> <p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p> <p>Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> <p>In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from sale are not reported as in the funds.</p> <p>Amortization of bond issuance costs and bond premiums.</p> <p>Proceeds from a lease-purchase agreement are reported as other financing sources in the governmental funds, but proceeds are increases in liabilities on the statement of net assets.</p> <p>Change in Net Assets of Governmental Activities</p>	<p>\$ (3,704,436)</p> <p>9,737,673</p> <p>(1,254,620)</p> <p>185,000</p> <p>88,000</p> <p>713</p> <p>23,717</p> <p>60,093</p> <p>(1,481)</p> <p>4,344</p> <p>(2,593,000)</p> <p>\$ <u>2,546,003</u></p>
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TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2006

		Private Purpose Trusts	Agency Funds
		<u> </u>	<u> </u>
ASSETS			
Equity in pooled cash and investments	\$	<u>17,418</u>	<u>81,257</u>
Total assets		<u><u>17,418</u></u>	<u><u>81,257</u></u>
LIABILITIES			
Due to student groups		-	66,271
Due to others		<u>-</u>	<u>14,986</u>
Total liabilities		<u>-</u>	<u>81,257</u>
NET ASSETS			
Held in trust	\$	<u><u>17,418</u></u>	<u><u>-</u></u>

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2006

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ 1,200
Interest	<u>567</u>
Total additions	<u>1,767</u>
Deductions:	
Community gifts, awards and scholarships	<u>2,500</u>
Total deductions	<u>2,500</u>
Change in net assets	(733)
Net assets, beginning of year	<u>18,151</u>
Net assets, end of year	\$ <u><u>17,418</u></u>

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Talawanda School District, Ohio (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 in its government-wide financial statements provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with five organizations, two of which are defined as jointly governed organizations and three as insurance purchasing pools. These organizations include Southwestern Ohio Computer Association, Butler County Technology and Career Development Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Butler County Health Plan. These organizations are presented in Notes 13 and 14.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

B. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and fiduciary.

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

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

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

Building Construction Fund - The building construction fund is used to account for the activity related to the construction of a new elementary school.

Fiduciary Funds report on net assets and changes in net assets. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The School District's private-purpose trust funds account for scholarship programs for students. These assets are not available for the School District's use. Agency funds, used for student activities and unclaimed monies, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2006 which are intended to finance fiscal year 2007 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

E. Budgetary Process

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.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for rate determination.

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any 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 School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund levels 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 School District. The appropriation resolutions, 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 the 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. 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 other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

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 fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

Lapsing of Appropriations At the close of each fiscal 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.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2006, the District's investments were limited to US Treasury notes, US Agency securities and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2006 at fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

G. Inventory

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis and recorded as expenditures in the governmental funds when consumed.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings	30-50 years
Land improvements	10-20 years
Building improvements	10-40 years
Equipment and furniture	5-20 years
Vehicles	5-10 years

I. Interfund Balances

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net assets. The effect of interfund activity has been eliminated from the government-wide financial statements.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded for compensated absences only if they have matured, for example, as a result of employee resignations and/or retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

L. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicate that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, prepaids, supplies inventory and budget reserve set-asides.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

N. Net Assets

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

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

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

O. Estimates

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

2. DEFICIT FUND BALANCES

At June 30, 2006, the following funds a deficit fund balance:

Nonmajor governmental funds:

Summer School Subsidy Fund	\$1,032
Title VIB Fund	\$45,680
Title I Fund	\$20,017
Title VI Fund	\$117
Drug Free Schools Fund	\$956
EHA Preschool Handicapped Fund	\$1,685
Class Size Reduction Grant Fund	\$15,740
Miscellaneous State Grants Fund	\$238

This deficit balances were created by 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.

3. DEPOSITS AND INVESTMENTS

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

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

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

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

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At year-end, \$852,637 of the School District's bank balance of \$952,637 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2006 are as summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity (Years)</u>
STAR Ohio	\$ 167,757	n/a
U.S. Money Market Fund	78,843	n/a
FHLB	3,473,999	0.39
FNMA	3,287,450	0.37
FHLMC	<u>4,017,731</u>	0.41
	\$ <u>11,025,780</u>	

Credit Risk. It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investments in FHLB, FNMA and FHLMC securities were rated AAA by Standard & Poor's and Aaa by Moody's. The School District's investments in the U.S. Money Market Funds were rated AAA by Standard & Poor's. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

Concentration of Credit Risk. The School District's investments in FHLB, FNMA and FHLMC securities represented 32%, 30% and 36%, respectively, of its total investments at June 30, 2006.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

Interest Rate Risk. In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

4. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Butler County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2006. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amounts available as advances at June 30, 2006, were \$314,000, \$18,000, and \$31,000 in the General Fund, Debt Service Fund, and Permanent Improvement Fund, respectively.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

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

	<u>2005 Second- Half Collections</u>		<u>2006 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 483,261,550	92.62%	559,668,460	93.86%
Tangible Personal Property	<u>38,509,840</u>	7.38%	<u>36,598,098</u>	6.14%
Total Assessed Value	\$ <u>521,771,390</u>	100.00%	<u>596,266,558</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$53.42		\$53.40

5. INCOME TAXES

In November 2004, the voters of the School District passed a 1% school income tax on wages earned by residents of the School District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ended June 30, 2006, the School District recorded income tax revenue of \$4,659,711 in the entity-wide financials and a receivable as of June 30, 2006 of \$2,478,000.

6. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$227,458 due from non-major governmental funds. These interfund loans were made to provide operating capital.

During the year ended June 30, 2006, the General Fund made transfers of \$2,416 to non-major governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

7. CAPITAL ASSETS

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

	Balance 7/1/05	Additions	Disposals	Balance 6/30/06
<i>Governmental Activities</i>				
Nondepreciable:				
Land	\$ 1,251,619	-	-	1,251,619
Construction in progress	2,893,135	8,971,505	(1,261,322)	10,603,318
	<u>4,144,754</u>	<u>8,971,505</u>	<u>(1,261,322)</u>	<u>11,854,937</u>
Depreciable:				
Land improvements	1,448,601	263,046	-	1,711,647
Buildings and improvements	20,958,212	1,517,802	-	22,476,014
Vehicles	437,537	42,274	-	479,811
Equipment and furniture	6,130,253	204,368	(253,084)	6,081,537
Educational media	1,253,844	-	-	1,253,844
Subtotal	<u>30,228,447</u>	<u>2,027,490</u>	<u>(253,084)</u>	<u>32,002,853</u>
Totals at historical cost	<u>34,373,201</u>	<u>10,998,995</u>	<u>(1,514,406)</u>	<u>43,857,790</u>
Less accumulated depreciation:				
Land improvements	1,117,873	73,134	-	1,191,007
Buildings and improvements	13,541,465	859,764	-	14,401,229
Vehicles	258,700	41,695	-	300,395
Equipment and furniture	4,991,974	280,027	(251,603)	5,020,398
Educational media	1,253,844	-	-	1,253,844
Total accumulated depreciation	<u>21,163,856</u>	<u>1,254,620</u>	<u>(251,603)</u>	<u>22,166,873</u>
Capital assets, net	<u>\$ 13,209,345</u>	<u>9,744,375</u>	<u>(1,262,803)</u>	<u>21,690,917</u>

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	673,727
Special		41,934
Support services:		
Pupil		8,556
Instructional staff		46,055
School administration		54,542
Fiscal		7,736
Operation and maintenance of plant		262,022
Pupil transportation		39,288
Community service		8,714
Extracurricular activities		21,159
Food service		90,887
		<hr/>
Total depreciation expense	\$	<u>1,254,620</u>

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the School District participated in the Ohio School Plan, a risk sharing pool (Note 14) for liability, property, auto, and crime insurance to address these various types of risk. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the SERS, 300 East Broad, Columbus, Ohio 43215.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were approximately \$507,000, \$482,000, and \$456,000 respectively; 26% has been contributed for 2006 and 100% for fiscal years 2005 and 2004.

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2006, 2005, and 2004 were approximately \$1,849,000, \$1,818,000 and \$1,740,000 respectively; 83% has been contributed for fiscal year 2006 and 100% for fiscal years 2005 and 2004. The unpaid contribution for fiscal year 2006 is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The School District's liability is 6.2% of wages paid.

10. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2006, the board allocated employer contributions equal to 1.00% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$132,000 during fiscal year 2006. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.3 billion at June 30, 2005. For the year ended June 30, 2005, net health care costs paid by STRS were \$254.8 million and STRS had 115,000 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$27,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2006

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 2005 were \$178.2 million and the target level was \$238.2 million. At June 30, 2005, SERS' net assets available for payment of health care benefits was \$267.5 million. SERS has approximately 58,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$124,000 during the 2006 fiscal year.

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Non-certified employees earn five to twenty-five days of vacation per fiscal year, depending upon length of service while administrators receive twenty days of vacation per year. Accumulated, unused vacation time is paid to non-certified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 260 days for administrators and 188 days for teachers and classified staff. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave.

12. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 7/1/05	Additions	Reductions	Principal Outstanding 6/30/06	Amounts Due in One Year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 9,050,000	-	(185,000)	8,865,000	225,000
Add premium on issuance	252,271	-	(13,392)	238,879	-
Lease-purchase agreement	553,000	2,593,000	(61,000)	3,085,000	27,000
Capital leases	27,000	-	(27,000)	-	-
Compensated absences	1,411,770	391,971	(266,989)	1,536,752	247,664
Total	\$ 11,294,041	2,984,971	(553,381)	13,725,631	499,664

General Obligation School Improvement Bonds - On May 15, 2004, the School District issued voted general obligation bonds for the purpose of school improvements. The bonds pay interest at rates ranging from 2% to 5.25% and fully mature on December 1, 2030. These bonds will be repaid from the Debt Service Fund.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Principal and interest requirements to retire the general obligations bonds outstanding at June 30, 2006 are as follows:

Fiscal Year <u>Ending June 30,</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$	225,000	407,405	632,405
2008		220,000	402,515	622,515
2009		225,000	396,781	621,781
2010		230,000	390,123	620,123
2011		240,000	382,658	622,658
2012-2016		1,325,000	1,773,924	3,098,924
2017-2021		1,630,000	1,443,625	3,073,625
2022-2026		2,080,000	981,800	3,061,800
2027-2031		<u>2,690,000</u>	<u>367,501</u>	<u>3,057,501</u>
Total	\$	<u>8,865,000</u>	<u>6,546,332</u>	<u>15,411,332</u>

Lease-purchase Agreements – During 2005, the Board authorized financing in the amount of \$614,000 for HVAC upgrades and the acquisition of land for the new elementary school with a lease-purchase agreement through the Ohio Association of School Business Official’s Expanded Asset Pooled Financing Program. During 2006, the Board authorized financing in the amount of \$2,593,000 for the construction of a new elementary school with a lease-purchase agreement through the Ohio Association of School Business Official’s Expanded Asset Pooled Financing Program. The future minimum payments for both lease-purchase agreements as of June 30, 2006 were as follows:

Fiscal Year <u>Ending June 30,</u>		
2007	\$	162,754
2008		288,058
2009		285,527
2010		283,805
2011		280,837
2012-2016		1,316,540
2017-2021		1,057,559
2022-2026		<u>1,069,231</u>
Total		4,744,311
Less amount representing interest		<u>(1,659,311)</u>
Present value of minimum lease payments	\$	<u>3,085,000</u>

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$45,198,070 with an unvoted debt margin of \$596,267 at June 30, 2006.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

13. JOINTLY GOVERNED ORGANIZATIONS

Butler County Technology and Career Development Schools

The Butler County Technology and Career Development Schools (BCTCDS), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. BCTCDS was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for BCTCDS. To obtain financial information, write to BCTCDS, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA) was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. To obtain financial information, write to SWOCA, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

14. INSURANCE PURCHASING POOLS

Butler County Health Plan

The School District participates in the Butler County Health Plan (BCHP), an insurance purchasing pool, formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. Financial information can be obtained from BCHP at P. O. Box 526, Middletown, Ohio 45042.

Ohio School Plan

The Ohio School Plan (OSP) is an insurance purchasing pool among school districts in Ohio formed for the purpose of establishing a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by OSP. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. The affairs of the corporation are managed by a 13-member Board of Directors made up of school administrators. The School District does not have an equity interest in OSP.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

15. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

Litigation

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

16. REQUIRED SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on the 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.

TALAWANDA SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

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

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2005	\$	-	-	202,876
Current year set-aside requirement		420,381	420,381	-
Less qualifying disbursements		<u>(506,617)</u>	<u>(531,220)</u>	<u>-</u>
Total		<u>(86,236)</u>	<u>(110,839)</u>	<u>202,876</u>
Balance carried to FY2007		<u>-</u>	<u>-</u>	<u>202,876</u>
Cash balance as of June 30, 2006	\$	<u>-</u>	<u>-</u>	<u>202,876</u>

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts could be used to reduce the set aside requirements of future years but the School District has elected not to carry the excess forward. However, the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

The Ohio General Assembly eliminated the requirement for the budget stabilization reserve and effective April 10, 2001, the Board of Education could choose to eliminate the reserve with the exception of rebates received from the Bureau of Workers Compensation. The School District chose not to reduce its budget stabilization reserve.

17. COMMITMENTS

As of June 30, 2006, the School District had entered into various construction contracts for the construction of a new elementary school under which it had a remaining unperformed and unpaid total commitment of approximately \$1,800,000.

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REQUIRED SUPPLEMENTARY INFORMATION

TALAWANDA SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 14,811,991	15,088,374	15,088,374	-
Tuition and fees	384,900	351,351	351,351	-
Interest	150,000	267,490	267,490	-
Intergovernmental	10,160,201	10,103,303	10,103,303	-
Other local revenues	-	257,815	257,815	-
Total revenues	<u>25,507,092</u>	<u>26,068,333</u>	<u>26,068,333</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,988,225	11,612,070	11,612,070	-
Special education	2,089,221	1,891,925	1,891,925	-
Other instruction	652,000	1,080,329	1,080,329	-
Support services:				
Pupil	1,274,710	1,120,613	1,120,613	-
Instructional staff	1,605,699	1,560,670	1,560,670	-
Board of Education	94,505	41,285	41,285	-
Administration	1,562,878	1,663,602	1,663,602	-
Fiscal	768,392	831,706	831,706	-
Business	6,750	8,533	8,533	-
Operation and maintenance of plant	2,660,837	2,934,408	2,934,408	-
Pupil transportation	2,076,000	2,185,930	2,185,930	-
Central	141,663	113,564	113,564	-
Non-instructional services:				
Extracurricular activities	536,348	527,030	527,030	-
Capital outlay	10,000	3,697	3,697	-
Repayment of debt	-	-	-	-
Total expenditures	<u>25,467,228</u>	<u>25,575,362</u>	<u>25,575,362</u>	<u>-</u>
Excess of revenues over (under) expenditures	39,864	492,971	492,971	-
Other financing sources (uses):				
Transfers out	-	(2,416)	(2,416)	-
Advances in	1,083,276	1,083,276	1,083,276	-
Advances out	(25,000)	(227,458)	(227,458)	-
Refund of prior year expenditures	-	548	548	-
Total other financing sources (uses)	<u>1,058,276</u>	<u>853,950</u>	<u>853,950</u>	<u>-</u>
Net change in fund balance	1,098,140	1,346,921	1,346,921	-
Fund balance, beginning of year	5,007,409	5,007,409	5,007,409	
Prior year encumbrances appropriated	285,781	285,781	285,781	
Fund balance, end of year	\$ <u>6,391,330</u>	<u>6,640,111</u>	<u>6,640,111</u>	

See accompanying notes to required supplemental information.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information

Year Ended June 30, 2006

Note A Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ 2,148,121
Increase / (decrease):	
Due to revenues	(1,415,781)
Due to expenditures	282,993
Due to other sources (uses)	856,366
Due to encumbrances	<u>(524,778)</u>
Net change in fund balance - Budget Basis	\$ <u>1,346,921</u>

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SUPPLEMENTAL SECTION
COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

Talawanda School District, Ohio

Non-major Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private-purpose trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The description of each Special Revenue Fund follows:

The **Public School Support Fund** accounts for specific local revenue sources generated by the individual school buildings. Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

The **Athletic Fund** accounts for student activity programs which have student participation in the activity, but do not have student management of the programs.

The **Auxiliary Service Fund** accounts for state funds which provide services and materials to pupils attending non-public schools within the boundaries of the School District as provided for in state law. Expenditures are primarily for educational supplies, materials, and testing.

The **Entry Year Teacher Fund** accounts for state funds which are provided for entry-year program.

The **Management Information Systems Fund** accounts for state funds which are provided to assist the School District in implementing a staff, student and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

The **Disadvantaged Pupil Impact Aid Fund** accounts for state funds which are designated to assist economically disadvantaged children in the learning process.

The **State Connectivity Fund** accounts for state funds for networking connectivity.

The **Schoolnet Professional Development Fund** accounts for state funds which are provided for staff development in the area of technology.

The **Ohio Reads Grant Fund** accounts for state funds designated for reading programs.

Talawanda School District, Ohio

Non-major Special Revenue Funds (continued):

The **Summer School Subsidy Fund** accounts for state funds to provide for summer school instruction.

The **High Schools That Work Fund** accounts for state funds used for instructions.

The **Miscellaneous State Grants Fund** accounts for state funds which are designated for specific purposes but which are not classified elsewhere.

The **Poverty Based Assistance Fund** accounts for state funds which are designated to assist economically disadvantaged children in the learning process.

The **Title VI-B Fund** accounts for federal funds used to provide full educational opportunities to handicapped children at the preschool, elementary and secondary levels, assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

The **Title I Fund** accounts for federal funds for services provided to meet special educational needs of educationally deprived children.

The **Title VI Fund** accounts for federal funds for programs for the at-risk students, instruction materials to improve the quality of instruction, programs of professional development, and programs to enhance personal excellence of students and student achievement.

The **Drug Free Schools Fund** accounts for federal funds supporting the establishment, operation and improvement of programs for drug abuse prevention, early intervention, rehabilitation referral and education in schools.

The **EHA Preschool Handicapped Fund** accounts for federal funds for programs for preschool handicapped children.

The **Critical Transitions Fund** accounts federal funding for improving ninth grade achievement and retention.

The **Class Size Reduction Fund** accounts for federal funds designed to reduce class size.

Talawanda School District, Ohio

Non-major Special Revenue Funds (continued):

The **Miscellaneous Federal Grants Fund** accounts for various grants received from the federal government that are not classified elsewhere.

The **Special Revenue Fund** accounts for various local grants and contributions.

The **Food Services Fund** accounts for the financial transactions related to the food service operation of the School District.

The **Uniform School Supply Fund** accounts for the purchase and sale of school supplies as adopted by the Board of Education for use in the School District.

Non-major Capital Projects Funds:

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings, additions to existing school buildings, or for major renovation projects, including equipment purchases:

The **Permanent Improvement Fund** accounts for major improvements or renovations to existing facilities.

The **Schoolnet Fund** accounts for state grants to purchase technology and related infrastructure.

Talawanda School District, Ohio

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

The **Special Trust Fund** accounts for donations that are received to provide scholarships and awards to students.

Agency funds are used to account for assets held in a custodial capacity.

The **Student Activities Funds** account for the resources that belong to various student groups in the District. The funds account for sales and other revenue generating activities by student groups which have students involved in the management of the program.

The **Unclaimed Monies Fund** accounts for unclaimed funds from outstanding checks in excess of one year old.

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in pooled cash and investments	\$ 791,834	493,959	1,285,793
Net receivables:			
Taxes	-	1,141,000	1,141,000
Accounts	24,714	-	24,714
Accrued interest	789	-	789
Intergovernmental	372,937	-	372,937
Supplies inventory	27,000	-	27,000
Total assets	<u>1,217,274</u>	<u>1,634,959</u>	<u>2,852,233</u>
Liabilities:			
Accounts payable	82,484	9,385	91,869
Accrued wages and benefits	153,477	-	153,477
Pension obligation payable	42,201	-	42,201
Deferred revenue	180,876	1,110,000	1,290,876
Interfund payable	227,458	-	227,458
Total liabilities	<u>686,496</u>	<u>1,119,385</u>	<u>1,805,881</u>
Fund Balances:			
Reserved for:			
Encumbrances	193,775	43,433	237,208
Supplies inventory	27,000	-	27,000
Property taxes	-	31,000	31,000
Unreserved, reported in:			
Special Revenue Funds	310,003	-	310,003
Capital Projects Funds	-	441,141	441,141
Total fund balances	<u>530,778</u>	<u>515,574</u>	<u>1,046,352</u>
Total liabilities and fund balances	\$ <u>1,217,274</u>	<u>1,634,959</u>	<u>2,852,233</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ -	1,012,982	1,012,982
Extracurricular activities	97,473	-	97,473
Charges for services	823,282	-	823,282
Interest	7,888	218	8,106
Intergovernmental	1,666,314	108,848	1,775,162
Miscellaneous	173,173	27,304	200,477
Total revenues	<u>2,768,130</u>	<u>1,149,352</u>	<u>3,917,482</u>
Expenditures:			
Current:			
Instruction:			
Regular	403,258	402,365	805,623
Special	461,085	-	461,085
Support services:			
Pupil	294,049	-	294,049
Instructional staff	246,860	28,140	275,000
School administration	138,145	-	138,145
Fiscal	-	16,326	16,326
Operations and maintenance	98,390	-	98,390
Community services	37,869	-	37,869
Non-instructional services:			
Extracurricular activities	82,134	14,033	96,167
Food services	1,000,221	-	1,000,221
Capital outlay	-	324,824	324,824
Debt service:			
Principal	-	61,000	61,000
Interest and fiscal charges	-	22,009	22,009
Total expenditures	<u>2,787,128</u>	<u>868,697</u>	<u>3,655,825</u>
Excess of revenues over (under) expenditures	<u>(18,998)</u>	<u>280,655</u>	<u>261,657</u>
Other financing sources (uses):			
Transfers in	2,416	-	2,416
Total other financing sources (uses)	<u>2,416</u>	<u>-</u>	<u>2,416</u>
Net change in fund balances	(16,582)	280,655	264,073
Fund balance, beginning of year	547,360	234,919	782,279
Fund balance, end of year	\$ <u>530,778</u>	<u>515,574</u>	<u>1,046,352</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2006

	Public School Support	Athletic	Auxiliary Service	Entry Year Teacher	Management Information Systems
Assets:					
Equity in pooled cash and investments	\$ 120,317	46,511	19,381	-	6,654
Net receivables:					
Accounts	14,887	-	-	-	-
Accrued interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Total assets	<u>135,204</u>	<u>46,511</u>	<u>19,381</u>	<u>-</u>	<u>6,654</u>
Liabilities:					
Accounts payable	3,109	-	739	-	-
Accrued wages and benefits	-	-	-	-	-
Pension obligation payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Interfund payable	20,000	-	-	-	-
Total liabilities	<u>23,109</u>	<u>-</u>	<u>739</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	25,967	1,164	63	-	6,654
Supplies inventory	-	-	-	-	-
Unreserved-undesignated	86,128	45,347	18,579	-	-
Total fund balances	<u>112,095</u>	<u>46,511</u>	<u>18,642</u>	<u>-</u>	<u>6,654</u>
Total liabilities and fund balances	\$ <u>135,204</u>	<u>46,511</u>	<u>19,381</u>	<u>-</u>	<u>6,654</u>

<u>Disadvantaged Pupil Impact Aid</u>	<u>State Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Summer School Subsidy</u>	<u>High Schools That Work</u>	<u>Misc. State Grants</u>	<u>Poverty Based Assistance</u>
-	55,263	1,375	-	-	1,727	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,461	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>55,263</u>	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>4,188</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	1,727	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,032	-	238	-
-	-	-	-	-	-	-	-
-	15,000	-	-	-	2,461	-	-
-	15,000	-	-	1,032	4,188	238	-
-	55,263	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(15,000)	1,375	-	(1,032)	-	(238)	-
-	40,263	1,375	-	(1,032)	-	(238)	-
<u>-</u>	<u>55,263</u>	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>4,188</u>	<u>-</u>	<u>-</u>

(Continued)

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Balance Sheet (continued)

Nonmajor Special Revenue Funds

June 30, 2006

	Title VIB	Title I	Title VI	Drug Free Schools	EHA Preschool Handicapped
Assets:					
Equity in pooled cash and investments	\$ 9,479	-	-	-	-
Net receivables:					
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Intergovernmental	179,498	71,495	4,328	525	3,143
Supplies and inventory	-	-	-	-	-
Total assets	<u>188,977</u>	<u>71,495</u>	<u>4,328</u>	<u>525</u>	<u>3,143</u>
Liabilities:					
Accounts payable	3,038	-	-	-	-
Accrued wages and benefits	49,987	21,567	-	-	1,514
Pension obligation payable	9,780	4,499	117	956	543
Deferred revenue	113,066	30,838	694	525	1,872
Interfund loans payable	58,786	34,608	3,634	-	899
Total liabilities	<u>234,657</u>	<u>91,512</u>	<u>4,445</u>	<u>1,481</u>	<u>4,828</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	9,308	-	-	-	-
Supplies inventory	-	-	-	-	-
Unreserved-undesignated	<u>(54,988)</u>	<u>(20,017)</u>	<u>(117)</u>	<u>(956)</u>	<u>(1,685)</u>
Total fund balances	<u>(45,680)</u>	<u>(20,017)</u>	<u>(117)</u>	<u>(956)</u>	<u>(1,685)</u>
Total liabilities and fund balances	<u>\$ 188,977</u>	<u>71,495</u>	<u>4,328</u>	<u>525</u>	<u>3,143</u>

<u>Critical Transitions Grant</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>TOTAL</u>
13,562	264	847	165,689	193,138	157,627	791,834
-	-	-	4,200	311	5,316	24,714
-	-	-	-	789	-	789
10,000	68,176	1,338	-	31,973	-	372,937
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,000</u>	<u>-</u>	<u>27,000</u>
<u>23,562</u>	<u>68,440</u>	<u>2,185</u>	<u>169,889</u>	<u>253,211</u>	<u>162,943</u>	<u>1,217,274</u>
403	75	849	69,952	1,866	726	82,484
-	17,308	-	-	63,101	-	153,477
-	2,684	-	-	22,352	-	42,201
10,000	23,412	469	-	-	-	180,876
<u>10,000</u>	<u>40,701</u>	<u>869</u>	<u>40,500</u>	<u>-</u>	<u>-</u>	<u>227,458</u>
<u>20,403</u>	<u>84,180</u>	<u>2,187</u>	<u>110,452</u>	<u>87,319</u>	<u>726</u>	<u>686,496</u>
5,813	189	-	45,553	25,462	18,339	193,775
-	-	-	-	27,000	-	27,000
<u>(2,654)</u>	<u>(15,929)</u>	<u>(2)</u>	<u>13,884</u>	<u>113,430</u>	<u>143,878</u>	<u>310,003</u>
<u>3,159</u>	<u>(15,740)</u>	<u>(2)</u>	<u>59,437</u>	<u>165,892</u>	<u>162,217</u>	<u>530,778</u>
<u>23,562</u>	<u>68,440</u>	<u>2,185</u>	<u>169,889</u>	<u>253,211</u>	<u>162,943</u>	<u>1,217,274</u>

TALAWANDA SCHOOL DISTRICT, OHIO
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	<u>Permanent Improvement</u>	<u>School Net</u>	<u>TOTAL</u>
Assets:			
Equity in pooled cash and investments	\$ 493,959	-	493,959
Receivables:			
Taxes	<u>1,141,000</u>	<u>-</u>	<u>1,141,000</u>
Total assets	<u>1,634,959</u>	<u>-</u>	<u>1,634,959</u>
Liabilities:			
Accounts payable	9,385	-	9,385
Deferred revenue	<u>1,110,000</u>	<u>-</u>	<u>1,110,000</u>
Total liabilities	<u>1,119,385</u>	<u>-</u>	<u>1,119,385</u>
Fund Balances:			
Fund Balances			
Reserved for:			
Encumbrances	43,433	-	43,433
Property taxes	31,000	-	31,000
Unreserved-undesignated	<u>441,141</u>	<u>-</u>	<u>441,141</u>
Total fund balances	<u>515,574</u>	<u>-</u>	<u>515,574</u>
Total liabilities and fund balances	<u>\$ 1,634,959</u>	<u>-</u>	<u>1,634,959</u>

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TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Nonmajor Special Revenue Funds
Year Ended June 30, 2006

	Public School Support	Athletic	Auxiliary Service	Entry Year Teacher	Management Information Systems
Revenues:					
Extracurricular activities	\$ -	97,473	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	-	44,222	10,100	9,393
Miscellaneous	116,477	-	-	-	-
Total revenues	<u>116,477</u>	<u>97,473</u>	<u>44,222</u>	<u>10,100</u>	<u>9,393</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	10,100	-
Special	-	-	-	-	-
Other	-	-	-	-	-
Support services:					
Pupil	121,936	-	-	-	-
Instructional staff	23,784	-	-	883	14,438
School administration	-	-	-	-	-
Operations and maintenance	-	177	-	-	-
Pupil transportation	-	-	-	-	-
Community services	-	-	37,680	-	-
Non-instructional services:					
Extracurricular activities	-	81,516	-	-	-
Food services	-	-	-	-	-
Total expenditures	<u>145,720</u>	<u>81,693</u>	<u>37,680</u>	<u>10,983</u>	<u>14,438</u>
Excess of revenues over (under) expenditures	(29,243)	15,780	6,542	(883)	(5,045)
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balances	(29,243)	15,780	6,542	(883)	(5,045)
Fund balance, beginning of year	141,338	30,731	12,100	883	11,699
Fund balance, end of year	<u>\$ 112,095</u>	<u>46,511</u>	<u>18,642</u>	<u>-</u>	<u>6,654</u>

<u>Disadvantaged Pupil Impact Aid</u>	<u>State Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Summer School Subsidy</u>	<u>High Schools That Work</u>	<u>Misc. State Grants</u>	<u>Poverty Based Assistance</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,000	3,925	4,000	46,896	21,023	-	38,439
-	-	-	-	-	-	-	-
<u>-</u>	<u>12,000</u>	<u>3,925</u>	<u>4,000</u>	<u>46,896</u>	<u>21,023</u>	<u>-</u>	<u>38,439</u>
-	-	5,289	-	37,636	23,372	-	-
871	-	-	-	-	-	-	38,439
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,638	-	2,918	-
-	-	214	4,000	3,979	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	189	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>871</u>	<u>-</u>	<u>5,503</u>	<u>4,000</u>	<u>44,442</u>	<u>23,372</u>	<u>2,918</u>	<u>38,439</u>
(871)	12,000	(1,578)	-	2,454	(2,349)	(2,918)	-
-	-	10	-	102	-	304	-
(871)	12,000	(1,568)	-	2,556	(2,349)	(2,614)	-
<u>871</u>	<u>28,263</u>	<u>2,943</u>	<u>-</u>	<u>(3,588)</u>	<u>2,349</u>	<u>2,376</u>	<u>-</u>
<u>-</u>	<u>40,263</u>	<u>1,375</u>	<u>-</u>	<u>(1,032)</u>	<u>-</u>	<u>(238)</u>	<u>-</u>

(Continued)

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
All Nonmajor Special Revenue Funds
Year Ended June 30, 2006

	Title VIB	Title I	Title VI	Drug Free Schools	EHA Preschool Handicapped
Revenues:					
Extracurricular activities	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	641,441	289,129	8,060	14,792	9,830
Miscellaneous	-	-	-	-	-
Total revenues	<u>641,441</u>	<u>289,129</u>	<u>8,060</u>	<u>14,792</u>	<u>9,830</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	6,544	-	-
Special	139,751	263,772	-	-	11,243
Other	-	23,256	-	-	-
Support services:					
Pupil	145,727	-	-	12,633	-
Instructional staff	185,775	12,077	-	-	-
School administration	129,952	-	-	-	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	1,861	-	-	-	-
Community services	-	-	-	-	-
Non-instructional services:					
Extracurricular activities	-	-	-	-	-
Food services	-	-	-	-	-
Total expenditures	<u>603,066</u>	<u>299,105</u>	<u>6,544</u>	<u>12,633</u>	<u>11,243</u>
Excess of revenues over (under) expenditures	38,375	(9,976)	1,516	2,159	(1,413)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Net change in fund balances	38,375	(9,976)	1,516	2,159	(1,413)
Fund balance, beginning of year	<u>(84,055)</u>	<u>(10,041)</u>	<u>(1,633)</u>	<u>(3,115)</u>	<u>(272)</u>
Fund balance, end of year	<u><u>\$ (45,680)</u></u>	<u><u>(20,017)</u></u>	<u><u>(117)</u></u>	<u><u>(956)</u></u>	<u><u>(1,685)</u></u>

<u>Critical Transitions Grant</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>TOTAL</u>
-	-	-	-	-	-	97,473
-	-	-	-	647,018	176,264	823,282
-	-	-	139	7,749	-	7,888
10,000	137,344	23,628	-	342,092	-	1,666,314
-	-	-	56,696	-	-	173,173
<u>10,000</u>	<u>137,344</u>	<u>23,628</u>	<u>56,835</u>	<u>996,859</u>	<u>176,264</u>	<u>2,768,130</u>
6,841	137,172	19,136	11,713	-	145,455	403,258
-	-	2,188	4,821	-	-	461,085
-	-	-	-	-	-	23,256
-	-	-	13,753	-	-	294,049
-	4,347	-	-	-	-	246,860
-	-	-	-	-	-	138,145
-	-	-	98,213	-	-	98,390
-	-	-	-	-	-	1,861
-	-	-	-	-	-	37,869
-	-	-	618	-	-	82,134
-	-	-	-	1,000,221	-	1,000,221
<u>6,841</u>	<u>141,519</u>	<u>21,324</u>	<u>129,118</u>	<u>1,000,221</u>	<u>145,455</u>	<u>2,787,128</u>
3,159	(4,175)	2,304	(72,283)	(3,362)	30,809	(18,998)
-	-	-	2,000	-	-	2,416
3,159	(4,175)	2,304	(70,283)	(3,362)	30,809	(16,582)
-	(11,565)	(2,306)	129,720	169,254	131,408	547,360
<u>3,159</u>	<u>(15,740)</u>	<u>(2)</u>	<u>59,437</u>	<u>165,892</u>	<u>162,217</u>	<u>530,778</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

All Nonmajor Capital Projects Funds

Year Ended June 30, 2006

	<u>Permanent Improvement</u>	<u>School Net</u>	<u>TOTAL</u>
Revenues:			
Taxes	\$ 1,012,982	-	1,012,982
Interest	218	-	218
Intergovernmental	108,848	-	108,848
Miscellaneous	<u>27,304</u>	<u>-</u>	<u>27,304</u>
Total revenues	<u>1,149,352</u>	<u>-</u>	<u>1,149,352</u>
Expenditures:			
Current:			
Instruction:			
Regular	402,365	-	402,365
Support services:			
Instructional staff	-	28,140	28,140
Fiscal	16,326	-	16,326
Capital outlay	324,824	-	324,824
Extracurricular activities	14,033	-	14,033
Debt service:			
Principal	61,000	-	61,000
Interest and fiscal charges	<u>22,009</u>	<u>-</u>	<u>22,009</u>
Total expenditures	<u>840,557</u>	<u>28,140</u>	<u>868,697</u>
Net change in fund balances	308,795	(28,140)	280,655
Fund balance, beginning of year	<u>206,779</u>	<u>28,140</u>	<u>234,919</u>
Fund balance, end of year	<u>\$ 515,574</u>	<u>-</u>	<u>515,574</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Public School Support Fund
 Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 108,492	108,492	-
Total revenues	<u>108,492</u>	<u>108,492</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupils	171,119	171,119	-
Instructional staff	23,892	23,892	-
Total expenditures	<u>195,011</u>	<u>195,011</u>	<u>-</u>
Excess of revenues over expenditures	(86,519)	(86,519)	-
Other financing sources:			
Advances in	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(66,519)	(66,519)	-
Fund balance, beginning of year	133,575	133,575	
Prior year encumbrances appropriated	<u>25,882</u>	<u>25,882</u>	
Fund balance, end of year	\$ <u>92,938</u>	<u>92,938</u>	

TALAWANDA SCHOOL DISTRICT, OHIOSchedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Athletic Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 98,089	98,089	-
Total revenues	<u>98,089</u>	<u>98,089</u>	<u>-</u>
Expenditures:			
Current:			
Extracurricular activities	85,945	85,945	-
Total expenditures	<u>85,945</u>	<u>85,945</u>	<u>-</u>
Excess of revenues over (under) expenditures	12,144	12,144	-
Other financing sources (uses):			
Transfers out	(2,532)	(2,532)	-
Transfers in	2,532	2,532	-
Advances out	<u>(5,580)</u>	<u>(5,580)</u>	-
Total other financing sources (uses)	<u>(5,580)</u>	<u>(5,580)</u>	<u>-</u>
Net change in fund balance	6,564	6,564	-
Fund balance, beginning of year	32,947	32,947	
Prior year encumbrances appropriated	<u>5,837</u>	<u>5,837</u>	
Fund balance, end of year	\$ <u>45,348</u>	<u>45,348</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Auxiliary Services Fund
Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 44,222	44,222	-
Total revenues	<u>44,222</u>	<u>44,222</u>	<u>-</u>
Expenditures:			
Current:			
Community services	<u>41,186</u>	<u>41,186</u>	<u>-</u>
Total expenditures	<u>41,186</u>	<u>41,186</u>	<u>-</u>
Net change in fund balance	3,036	3,036	-
Fund balance, beginning of year	330	330	
Prior year encumbrances appropriated	<u>15,213</u>	<u>15,213</u>	
Fund balance, end of year	\$ <u>18,579</u>	<u>18,579</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Entry Year Teacher

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 10,100	10,100	-
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	10,100	10,100	-
Support services:			
Instructional staff	<u>1,180</u>	<u>1,180</u>	<u>-</u>
Total expenditures	<u>11,280</u>	<u>11,280</u>	<u>-</u>
Net change in fund balance	(1,180)	(1,180)	-
Fund balance, beginning of year	833	833	
Prior year encumbrances appropriated	<u>347</u>	<u>347</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Management Information Systems Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 9,393	9,393	-
Total revenues	<u>9,393</u>	<u>9,393</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	33,449	33,449	-
Total expenditures	<u>33,449</u>	<u>33,449</u>	<u>-</u>
Net change in fund balance	(24,056)	(24,056)	-
Fund balance, beginning of year	57	57	
Prior year encumbrances appropriated	<u>23,999</u>	<u>23,999</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Disadvantaged Pupil Impact Aid Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	<u>871</u>	<u>871</u>	<u>-</u>
Total expenditures	<u>871</u>	<u>871</u>	<u>-</u>
Net change in fund balance	(871)	(871)	-
Fund balance, beginning of year	871	871	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

State Connectivity Fund
Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 12,000	12,000	-
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Pupil	55,263	55,263	-
Total expenditures	<u>55,263</u>	<u>55,263</u>	<u>-</u>
Excess of revenues over (under) expenditures	(43,263)	(43,263)	-
Other financing sources (uses):			
Advances in	15,000	15,000	-
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(28,263)	(28,263)	-
Fund balance, beginning of year	28,263	28,263	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Professional Development Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 3,925	3,925	-
Total revenues	<u>3,925</u>	<u>3,925</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,289	5,289	-
Support services:			
Administration	<u>214</u>	<u>214</u>	<u>-</u>
Total expenditures	<u>5,503</u>	<u>5,503</u>	<u>-</u>
Net change in fund balance	(1,578)	(1,578)	-
Fund balance, beginning of year	2,683	2,683	
Prior year encumbrances appropriated	<u>270</u>	<u>270</u>	
Fund balance, end of year	\$ <u>1,375</u>	<u>1,375</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Ohio Reads Grant

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 5,124	5,124	-
Total revenues	<u>5,124</u>	<u>5,124</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	-	-
Support services:			
Pupil	-	-	-
Administration	4,000	4,000	-
Pupil transportation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	1,124	1,124	-
Other financing sources:			
Advances out	<u>(1,124)</u>	<u>(1,124)</u>	<u>-</u>
Total other financing sources	<u>(1,124)</u>	<u>(1,124)</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Summer School Subsidy Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 46,896	46,896	-
Total revenues	<u>46,896</u>	<u>46,896</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	39,542	39,542	-
Support services:			
Instructional staff	1,668	1,668	-
Administration	<u>4,106</u>	<u>4,106</u>	<u>-</u>
Total expenditures	<u>45,316</u>	<u>45,316</u>	<u>-</u>
Excess of revenues over (under) expenditures	1,580	1,580	-
Other financing sources:			
Transfers in	102	102	-
Advances out	<u>(46,896)</u>	<u>(46,896)</u>	<u>-</u>
Total other financing sources	<u>(46,794)</u>	<u>(46,794)</u>	<u>-</u>
Net change in fund balance	(45,214)	(45,214)	-
Fund balance, beginning of year	729	729	
Prior year encumbrances appropriated	<u>44,485</u>	<u>44,485</u>	
Fund balance, end of year	\$ <u> </u>	<u> </u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 High Schools That Work Fund
 Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 18,562	18,562	-
Total revenues	<u>18,562</u>	<u>18,562</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>23,372</u>	<u>23,372</u>	<u>-</u>
Total expenditures	<u>23,372</u>	<u>23,372</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(4,810)</u>	<u>(4,810)</u>	<u>-</u>
Other financing sources (uses):			
Advances in	2,461	2,461	-
Advances out	<u>(7,180)</u>	<u>(7,180)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,719)</u>	<u>(4,719)</u>	<u>-</u>
Net change in fund balance	(9,529)	(9,529)	-
Fund balance, beginning of year	1,405	1,405	
Prior year encumbrances appropriated	<u>8,124</u>	<u>8,124</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous State Grants Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	-	-	-
Expenditures:			
Current:			
Support services:			
Instructional staff	2,681	2,681	-
Operation and maintenance - plant	-	-	-
Community services	-	-	-
Total expenditures	2,681	2,681	-
Excess of revenues over (under) expenditures	(2,681)	(2,681)	-
Other financing sources (uses):			
Transfers in	304	304	-
Net change in fund balance	(2,377)	(2,377)	-
Fund balance, beginning of year	2,377	2,377	
Prior year encumbrances appropriated	-	-	
Fund balance, end of year	\$ -	-	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Poverty Based Assistance

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 38,439	38,439	-
Total revenues	<u>38,439</u>	<u>38,439</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	38,439	38,439	-
Total expenditures	<u>38,439</u>	<u>38,439</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Title VIB Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 674,252	674,252	-
Total revenues	<u>674,252</u>	<u>674,252</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	128,354	128,354	-
Support Services:			
Pupil	160,059	160,059	-
Instructional staff	182,618	182,618	-
Administration	<u>130,763</u>	<u>130,763</u>	<u>-</u>
Total expenditures	<u>601,794</u>	<u>601,794</u>	<u>-</u>
Excess of revenues over expenditures	72,458	72,458	-
Other financing sources (uses):			
Advances in	58,786	58,786	-
Advances out	<u>(179,947)</u>	<u>(179,947)</u>	<u>-</u>
Total other financing sources (uses)	<u>(121,161)</u>	<u>(121,161)</u>	<u>-</u>
Net change in fund balance	(48,703)	(48,703)	-
Fund balance, beginning of year	26,139	26,139	
Prior year encumbrances appropriated	<u>22,564</u>	<u>22,564</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Title I Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 300,892	300,892	-
Total revenues	<u>300,892</u>	<u>300,892</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	276,813	276,813	-
Other	23,256	23,256	-
Support Services:			
Instructional staff	11,972	11,972	-
Community services	-	-	-
Total expenditures	<u>312,041</u>	<u>312,041</u>	<u>-</u>
Excess of revenues over (under) expenditures	(11,149)	(11,149)	-
Other financing sources (uses):			
Advances in	34,608	34,608	-
Advances out	<u>(52,420)</u>	<u>(52,420)</u>	-
Total other financing sources (uses)	<u>(17,812)</u>	<u>(17,812)</u>	<u>-</u>
Net change in fund balance	(28,961)	(28,961)	-
Fund balance, beginning of year	28,526	28,526	
Prior year encumbrances appropriated	<u>435</u>	<u>435</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Title VI Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 4,426	4,426	-
Total revenues	<u>4,426</u>	<u>4,426</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	8,060	8,060	-
Total expenditures	<u>8,060</u>	<u>8,060</u>	<u>-</u>
Excess of revenues over (under) expenditures	(3,634)	(3,634)	-
Other financing sources (uses):			
Advances in	3,634	3,634	-
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Drug Free Schools Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 19,136	19,136	-
Total revenues	<u>19,136</u>	<u>19,136</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,069	3,069	-
Support Services:			
Pupil	11,798	11,798	-
Instructional staff	<u>820</u>	<u>820</u>	<u>-</u>
Total expenditures	<u>15,687</u>	<u>15,687</u>	<u>-</u>
Excess of revenues over expenditures	3,449	3,449	-
Other financing sources (uses):			
Advances out	<u>(7,338)</u>	<u>(7,338)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,338)</u>	<u>(7,338)</u>	<u>-</u>
Net change in fund balance	(3,889)	(3,889)	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>3,889</u>	<u>3,889</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 EHA Preschool Handicapped Fund
 Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 15,890	15,890	-
Total revenues	<u>15,890</u>	<u>15,890</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	9,458	9,458	-
Total expenditures	<u>9,458</u>	<u>9,458</u>	<u>-</u>
Excess of revenues over (under) expenditures	6,432	6,432	-
Other financing sources:			
Advances in	899	899	-
Advances out	<u>(7,331)</u>	<u>(7,331)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,432)</u>	<u>(6,432)</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Critical Transitions Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 10,000	10,000	-
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,653	12,653	-
Total expenditures	<u>12,653</u>	<u>12,653</u>	<u>-</u>
Excess of revenues over expenditures	(2,653)	(2,653)	-
Other financing sources (uses):			
Advances in	10,000	10,000	-
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	7,347	7,347	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>7,347</u>	<u>7,347</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Class Size Reduction Grant Fund
 Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 110,887	110,887	-
Total revenues	<u>110,887</u>	<u>110,887</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	129,829	129,829	-
Other	5,874	5,874	-
Support Services:			
Instructional staff	<u>5,791</u>	<u>5,791</u>	<u>-</u>
Total expenditures	<u>141,494</u>	<u>141,494</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(30,607)</u>	<u>(30,607)</u>	<u>-</u>
Other financing sources (uses):			
Advances in	40,701	40,701	-
Advances out	<u>(45,849)</u>	<u>(45,849)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,148)</u>	<u>(5,148)</u>	<u>-</u>
Net change in fund balance	(35,755)	(35,755)	-
Fund balance, beginning of year	32,415	32,415	
Prior year encumbrances appropriated	<u>3,340</u>	<u>3,340</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous Federal Grants Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 23,197	23,197	-
Total revenues	<u>23,197</u>	<u>23,197</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	21,441	21,441	-
Special	<u>2,187</u>	<u>2,187</u>	<u>-</u>
Total expenditures	<u>23,628</u>	<u>23,628</u>	<u>-</u>
Excess of revenues over (under) expenditures	(431)	(431)	-
Other financing sources:			
Advances in	869	869	-
Advances in	<u>(4,611)</u>	<u>(4,611)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,742)</u>	<u>(3,742)</u>	<u>-</u>
Net change in fund balance	(4,173)	(4,173)	-
Fund balance, beginning of year	1,867	1,867	
Prior year encumbrances appropriated	<u>2,306</u>	<u>2,306</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Special Revenue Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ 139	139	-
Other local revenues	<u>52,854</u>	<u>52,854</u>	<u>-</u>
Total revenues	<u>52,993</u>	<u>52,993</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,051	12,051	-
Special	4,821	4,821	-
Support Services:			
Pupil	13,497	13,497	-
Fiscal	800	800	-
Operations and maintenance-plant	141,935	141,935	-
Extracurricular activities	<u>618</u>	<u>618</u>	<u>-</u>
Total expenditures	<u>173,722</u>	<u>173,722</u>	<u>-</u>
Excess of revenues over (under) expenditures	(120,729)	(120,729)	-
Other financing sources (uses):			
Transfer in	2,000	2,000	-
Advances in	<u>40,500</u>	<u>40,500</u>	<u>-</u>
Total other financing sources (uses)	<u>42,500</u>	<u>42,500</u>	<u>-</u>
Net change in fund balance	(78,229)	(78,229)	-
Fund balance, beginning of year	129,494	129,494	
Prior year encumbrances appropriated	<u>82</u>	<u>82</u>	
Fund balance, end of year	\$ <u>51,347</u>	<u>51,347</u>	

TALAWANDA SCHOOL DISTRICT, OHIOSchedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Food Service Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Charges for services	\$ 648,567	648,567	-
Earnings on investments	7,471	7,471	-
Intergovernmental	218,919	218,919	-
Total revenues	<u>874,957</u>	<u>874,957</u>	<u>-</u>
Expenditures:			
Current:			
Food services	<u>913,565</u>	<u>913,565</u>	<u>-</u>
Total expenditures	<u>913,565</u>	<u>913,565</u>	<u>-</u>
Net change in fund balance	(38,608)	(38,608)	-
Fund balance, beginning of year	203,888	203,888	
Prior year encumbrances appropriated	<u>2,396</u>	<u>2,396</u>	
Fund balance, end of year	\$ <u>167,676</u>	<u>167,676</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Uniform School Supplies Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Charges for services	\$ 174,542	174,542	-
Total revenues	<u>174,542</u>	<u>174,542</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>165,304</u>	165,304	-
Total expenditures	<u>165,304</u>	<u>165,304</u>	<u>-</u>
Net change in fund balance	9,238	9,238	-
Fund balance, beginning of year	124,548	124,548	
Prior year encumbrances appropriated	<u>4,777</u>	<u>4,777</u>	
Fund balance, end of year	\$ <u><u>138,563</u></u>	<u><u>138,563</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Debt Service Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$ 601,295	601,295	-
Intergovernmental	64,505	64,505	-
Total revenues	<u>665,800</u>	<u>665,800</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Fiscal	9,816	9,816	-
Debt service:			
Repayment of debt	596,505	596,505	-
Total expenditures	<u>606,321</u>	<u>606,321</u>	<u>-</u>
Net change in fund balance	59,479	59,479	-
Fund balance, beginning of year	321,600	321,600	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>381,079</u>	<u>381,079</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Permanent Improvement Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$ 1,010,982	1,010,982	-
Earnings on investments	218	218	-
Intergovernmental	108,848	108,848	-
Other local revenue	27,304	27,304	-
Total revenues	<u>1,147,352</u>	<u>1,147,352</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	434,897	434,897	-
Support services:			
Fiscal	16,326	16,326	-
Extracurricular activities	20,403	20,403	-
Facilities acquisition and construction	468,135	468,135	-
Debt service:			
Repayment of debt	83,009	83,009	-
Total expenditures	<u>1,022,770</u>	<u>1,022,770</u>	<u>-</u>
Excess of revenues over (under) expenditures	124,582	124,582	-
Other financing sources:			
Proceeds from sale of notes	-	-	-
Advances out	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	124,582	124,582	-
Fund balance, beginning of year	29,301	29,301	
Prior year encumbrances appropriated	<u>287,258</u>	<u>287,258</u>	
Fund balance, end of year	\$ <u>441,141</u>	<u>441,141</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Building Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Earnings on investments	\$ 238,678	238,678	-
Other local revenues	20,000	20,000	-
Total revenues	<u>258,678</u>	<u>258,678</u>	<u>-</u>
Expenditures:			
Facilities acquisition and construction	10,127,517	10,127,517	-
Total expenditures	<u>10,127,517</u>	<u>10,127,517</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(9,868,839)</u>	<u>(9,868,839)</u>	<u>-</u>
Other financing sources:			
Advances out	(725,000)	(725,000)	-
Proceeds from lease-purchase agreement	2,550,000	2,550,000	-
Net change in fund balance	(8,043,839)	(8,043,839)	-
Fund balance, beginning of year	904	904	
Prior year encumbrances appropriated	<u>8,844,652</u>	<u>8,844,652</u>	
Fund balance, end of year	\$ <u>801,717</u>	<u>801,717</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Support services:			
Instructional staff	28,140	28,140	-
Total expenditures	<u>28,140</u>	<u>28,140</u>	<u>-</u>
Net change in fund balance	(28,140)	(28,140)	-
Fund balance, beginning of year	28,140	28,140	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Net Assets

Agency Funds

June 30, 2006

	<u>Agency Funds</u>		
	<u>Student</u>	<u>Unclaimed</u>	
	<u>Activities</u>	<u>Monies</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ <u>66,271</u>	<u>14,986</u>	<u>81,257</u>
Total assets	<u><u>66,271</u></u>	<u><u>14,986</u></u>	<u><u>81,257</u></u>
Liabilities:			
Due to student groups	66,271	-	66,271
Due to others	<u>-</u>	<u>14,986</u>	<u>14,986</u>
Total liabilities	\$ <u><u>66,271</u></u>	<u><u>14,986</u></u>	<u><u>81,257</u></u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

	Beginning Balance 7/1/05	Additions	Deductions	Ending Balance 6/30/06
STUDENT ACTIVITIES FUND				
Assets:				
Equity in pooled cash and investments \$	<u>65,401</u>	<u>91,746</u>	<u>90,876</u>	<u>66,271</u>
Liabilities:				
Due to student groups	<u>65,401</u>	<u>91,746</u>	<u>90,876</u>	<u>66,271</u>
<hr/>				
UNCLAIMED MONIES FUND				
Assets:				
Equity in pooled cash and investments	<u>14,986</u>	<u>-</u>	<u>-</u>	<u>14,986</u>
Liabilities:				
Due to others	<u>14,986</u>	<u>-</u>	<u>-</u>	<u>14,986</u>
<hr/>				
TOTAL				
Assets:				
Equity in pooled cash and investments	<u>80,387</u>	<u>91,746</u>	<u>90,876</u>	<u>81,257</u>
Liabilities:				
Due to others	14,986	-	-	14,986
Due to student groups	<u>65,401</u>	<u>91,746</u>	<u>90,876</u>	<u>66,271</u>
\$	<u><u>80,387</u></u>	<u><u>91,746</u></u>	<u><u>90,876</u></u>	<u><u>81,257</u></u>

Statistical Section



(Bogan Elementary Groundbreaking)

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

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

Talawanda School District, Ohio
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in Capital Assets, Net of Related Debt	\$10,627,075	\$10,478,157	\$11,225,988	\$10,925,808
Restricted for:				
Capital Projects	413,761	696,138	344,548	405,075
Other Purposes	73,847	881,506	564,594	733,128
Unrestricted (Deficit)	<u>5,909,104</u>	<u>5,452,697</u>	<u>4,570,756</u>	<u>7,187,878</u>
Total Net Assets	<u>\$17,023,787</u>	<u>\$17,508,498</u>	<u>\$16,705,886</u>	<u>\$19,251,889</u>

Talawanda School District, Ohio
Changes in Net Assets of Governmental Activities
Last Four Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Regular Instruction	\$11,790,964	\$12,199,833	\$12,926,007	\$13,099,550
Special Instruction	2,406,330	2,404,457	2,597,261	2,383,506
Adult/continuing	488,355	602,424	640,640	1,161,589
Pupil Support	1,344,517	1,432,903	1,475,051	1,402,300
Instructional Staff Support	1,575,132	1,690,626	1,775,739	1,851,673
Board of Education	135,331	60,937	85,720	37,029
Administration	1,465,644	1,696,618	1,727,932	1,845,575
Fiscal	650,892	677,861	758,058	866,779
Business	6,494	5,126	5,855	7,778
Operation and Maintenance of Plant	3,191,220	3,142,722	2,937,568	3,045,403
Pupil Transportation	1,711,053	1,824,684	1,904,205	1,985,823
Central	30,863	36,554	115,561	104,377
Extracurricular Activities	537,695	561,621	675,887	462,902
Community Service	35,366	61,113	34,874	34,026
Food Service	940,521	1,009,979	1,072,859	1,066,655
Interest and Fiscal Charges	15,470	86,488	545,755	471,917
<i>Total Expenses</i>	<u>26,325,847</u>	<u>27,493,946</u>	<u>29,278,972</u>	<u>29,826,882</u>
Program Revenues				
Charges for Services				
Regular Instruction	\$143,394	\$482,271	\$350,196	\$578,544
Adult/continuing	354,513	0	0	0
Extracurricular Activities	77,495	73,850	94,141	97,473
Food Service	620,749	596,763	614,124	647,018
Operating Grants and Contributions				
Regular Instruction	189,939	216,463	260,352	208,976
Special Instruction	358,678	462,492	455,663	526,352
Adult/continuing	56,867	0	0	0
Pupil Support	306,659	118,086	197,002	187,169
Staff Support	36,783	83,229	177,690	217,601
Administration	0	137,288	169,870	149,644
Operation and Maintenance of Plant	0	9,696	30,110	0
Central	89,170	0	28,140	0
Community Service	0	38,125	43,025	44,222
Food Service	259,879	266,885	387,037	349,841
Capital Grants and Contributions				
Regular Instruction	2,400	53,872	0	0
Pupil Transportation	0	0	0	19,745
<i>Total Program Revenues</i>	<u>2,496,526</u>	<u>2,539,020</u>	<u>2,807,350</u>	<u>3,026,585</u>
Net Expense	<u>(\$23,829,321)</u>	<u>(\$24,954,926)</u>	<u>(\$26,471,622)</u>	<u>(\$26,800,297)</u>

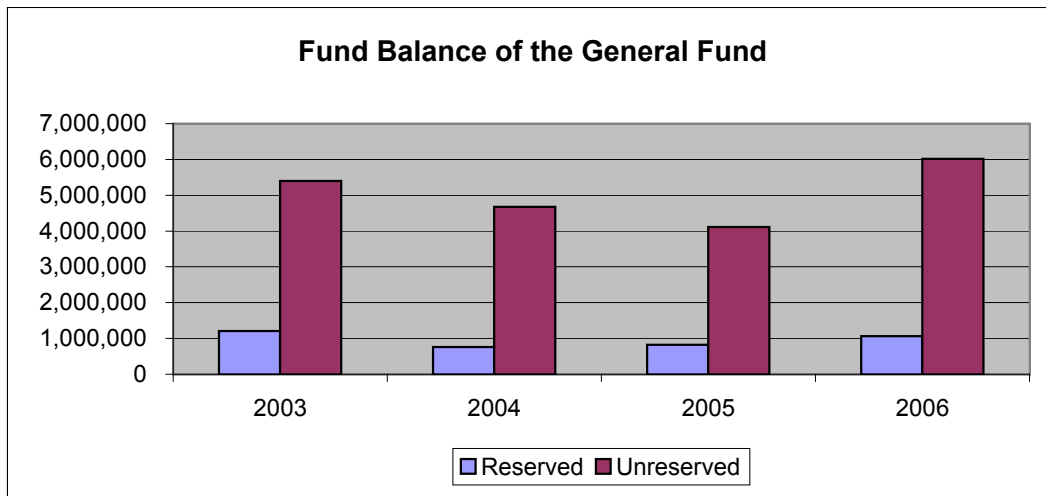
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Talawanda School District, Ohio
Changes in Net Assets of Governmental Activities (continued)
Last Four Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
General Revenues				
Property Taxes Levied for:				
General Purposes	\$11,120,771	\$12,058,280	\$11,650,378	\$11,782,454
Debt Services	0	288,772	579,111	605,295
Capital Outlay	0	482,092	966,764	1,016,982
Income Taxes Levied for				
General Purposes	0	0	1,220,215	4,659,711
Grants and Entitlements not				
Restricted to Specific Programs	10,737,983	10,739,556	10,339,073	10,256,911
Investment Earnings	256,073	82,640	381,563	567,201
Miscellaneous	270,774	405,696	528,598	457,746
Gain on Sale of Assets	0	1,382,601	3,308	0
Total General Revenues	22,385,601	25,439,637	25,669,010	29,346,300
Change in Net Assets	(\$1,443,720)	\$484,711	(\$802,612)	\$2,546,003

Talawanda School District, Ohio
Fund Balances, Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$1,202,953	\$760,317	\$825,550	\$1,067,052
Unreserved	<u>5,399,072</u>	<u>4,676,957</u>	<u>4,111,966</u>	<u>6,018,585</u>
<i>Total General Fund</i>	<u>6,602,025</u>	<u>5,437,274</u>	<u>4,937,516</u>	<u>7,085,637</u>
All Other Governmental Funds				
Reserved	138,747	11,580,616	9,217,311	1,552,609
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	515,305	598,725	414,761	310,003
Debt Service Funds	0	0	0	0
Capital Projects Funds	104,640	(831,845)	(666,646)	1,250,257
Permanent Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>758,692</u>	<u>11,347,496</u>	<u>8,965,426</u>	<u>3,112,869</u>
<i>Total Governmental Funds</i>	<u>\$7,360,717</u>	<u>\$16,784,770</u>	<u>\$13,902,942</u>	<u>\$10,198,506</u>



Talawanda School District, Ohio
Changes in Fund Balances, Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006
Revenues				
Taxes	\$11,120,771	\$12,249,144	\$14,356,228	\$17,991,668
Tuition and Fees	354,513	325,923	187,228	402,280
Interest	240,530	65,085	397,301	597,373
Charges for Services	764,143	753,111	777,092	823,282
Intergovernmental	11,978,009	12,167,192	11,929,957	11,942,970
Other local revenues	384,548	479,546	622,739	555,219
<i>Total Revenues</i>	<u>24,842,514</u>	<u>26,040,001</u>	<u>28,270,545</u>	<u>32,312,792</u>
Expenditures				
Current:				
Instruction:				
Regular	11,420,125	11,825,226	12,097,118	12,424,238
Special	2,314,495	2,388,938	2,502,678	2,329,928
Other	488,355	602,424	640,640	1,161,589
Support Services:				
Pupil	1,339,697	1,428,302	1,429,377	1,381,540
Instructional Staff	1,515,191	1,666,749	1,740,957	1,876,570
Board of Education	135,331	60,937	85,720	37,029
Administration	1,500,419	1,672,488	1,652,845	1,848,991
Fiscal	647,193	687,943	742,108	871,036
Business	6,494	5,126	5,855	7,778
Operation and Maintenance of Plant	2,420,986	2,398,401	2,656,362	2,881,286
Pupil Transportation	1,701,845	1,786,159	1,865,680	1,961,804
Central	30,863	36,554	115,561	104,377
Non-Instructional Services				
Extracurricular Activities	533,932	545,545	660,483	635,618
Community service	39,001	67,179	39,836	38,223
Food Service	876,951	920,354	985,871	1,000,221
Capital Outlay	800,444	1,005,853	3,710,627	9,300,026
Debt Service:				
Principal	156,000	413,000	253,680	273,000
Bond issuance costs	0	181,012	0	0
Interest and Fiscal Charges	16,783	17,634	586,209	476,974
<i>Total Expenditures</i>	<u>25,944,105</u>	<u>27,709,824</u>	<u>31,771,607</u>	<u>38,610,228</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,101,591)</u>	<u>(1,669,823)</u>	<u>(3,501,062)</u>	<u>(6,297,436)</u>
Other Financing Sources (Uses)				
Transfers In	120,294	114,750	9,309,743	2,416
Transfers Out	(120,294)	(114,750)	(9,309,743)	(2,416)
Sale of Assets	0	1,611,301	5,234	0
Proceeds from sale of bonds	0	9,214,680	0	0
Premium on sale of bonds	0	267,895	0	0
Proceeds from lease-purchase agreement	250,000	0	614,000	2,593,000
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>11,093,876</u>	<u>619,234</u>	<u>2,593,000</u>
<i>Net Change in Fund Balances</i>	<u>(\$851,591)</u>	<u>\$9,424,053</u>	<u>(\$2,881,828)</u>	<u>(\$3,704,436)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	0.7%	1.6%	3.0%	2.6%

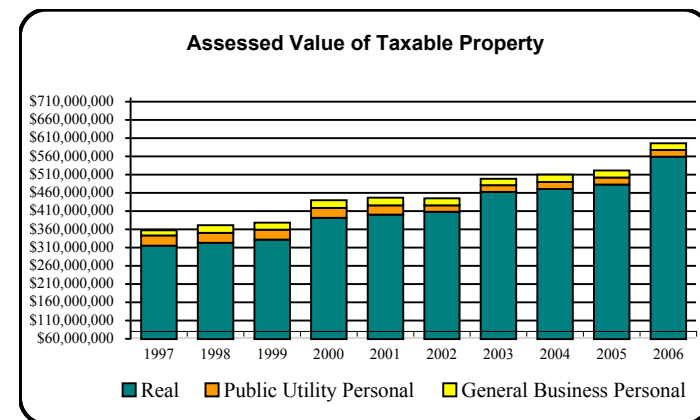
Talawanda School District, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total	
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1997	\$246,168,240	\$69,442,920	\$901,746,171	\$27,451,390	\$31,194,761	\$14,025,973	\$56,103,892	\$357,088,523	\$989,044,824
1998	252,545,220	71,140,260	\$924,815,657	26,516,130	30,131,966	21,669,725	\$86,678,900	\$371,871,335	1,041,626,523
1999	257,999,360	74,192,330	\$949,119,114	26,801,330	30,456,057	19,383,947	\$77,535,788	\$378,376,967	1,057,110,959
2000	307,843,260	83,922,410	\$1,119,330,486	27,165,400	30,869,773	21,323,679	\$85,294,716	\$440,254,749	1,235,494,975
2001	313,653,360	87,035,790	\$1,144,826,143	25,289,900	28,738,523	20,880,717	\$83,522,868	\$446,859,767	1,257,087,534
2002	320,434,190	87,776,040	\$1,166,314,943	17,465,200	19,846,818	20,010,220	\$80,040,880	\$445,685,650	1,266,202,641
2003	361,148,730	101,868,400	\$1,322,906,086	18,579,010	21,112,511	17,478,223	\$69,912,892	\$499,074,363	1,413,931,489
2004	367,351,260	103,641,970	\$1,345,694,943	18,940,950	21,523,807	20,558,145	\$82,232,580	\$510,492,325	1,449,451,330
2005	378,284,130	104,977,420	\$1,380,747,286	19,372,440	22,014,136	19,137,400	\$76,549,600	\$521,771,390	1,479,311,022
2006	\$445,794,600	\$113,873,860	\$1,599,052,743	\$18,315,710	\$20,813,307	\$18,282,388	\$73,129,552	\$596,266,558	1,692,995,602

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

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

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



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

Talawanda School District, Ohio
Property Tax Rates
(per \$1,000 of assessed value)
2006

	2006
Unvoted Millage	
Operating	2.19
Permanent Improvement	2.00
Debt	<u>0.00</u>
Voted Millage - by levy	
1976 Operating - continuing	
Residential/Agricultural Real	6.48
Commercial/Industrial and Public Utility Real	7.88
General Business and Public Utility Personal	24.81
1980 Operating - continuing	
Residential/Agricultural Real	2.60
Commercial/Industrial and Public Utility Real	2.69
General Business and Public Utility Personal	6.90
1988 Operating - continuing	
Residential/Agricultural Real	3.65
Commercial/Industrial and Public Utility Real	4.08
General Business and Public Utility Personal	7.90
2000 Operating - continuing	
Residential/Agricultural Real	5.08
Commercial/Industrial and Public Utility Real	5.51
General Business and Public Utility Personal	6.50
2003 Bond Issue - 27 Years	
Residential/Agricultural Real	1.17
Commercial/Industrial and Public Utility Real	1.17
General Business and Public Utility Personal	1.17
Total voted millage by type of property	
Residential/Agricultural Real	18.98
Commercial/Industrial and Public Utility Real	21.33
General Business and Public Utility Personal	47.28
Overlapping Rates by Taxing District	
Township (Hanover/Reily/Oxford/Milford)	
Residential/Agricultural Real	.24-7.39
Commercial/Industrial and Public Utility Real	.24-7.64
General Business and Public Utility Personal	.24-7.05
Oxford City	
Residential/Agricultural Real	9.59
Commercial/Industrial and Public Utility Real	6.18
General Business and Public Utility Personal	7.64
Butler County	
Residential/Agricultural Real	9.44
Commercial/Industrial and Public Utility Real	8.40
General Business and Public Utility Personal	9.02

Notes:

Rates were not available in this format for years prior to 2006.

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Residential/Agricultural & Commercial/Industrial & Public Utility Real are expressed at their effective rate.
 General Business and Public Utility Personal are expressed at the full voted rate.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Source: Butler County Auditor/Treasurer

Talawanda School District, Ohio
Principal Taxpayers
2005 and 1996 (1)

Name of Taxpayer	2005	
	Assessed Value	Percent of Real Property Assessed Value
Cincinnati Gas & Electric	\$8,452,840	1.42%
D & B Family LTD	4,635,070	0.78%
Meijer Stores LTD	3,850,000	0.65%
Southwestern Ohio	3,535,190	0.59%
Butler Rural Electric	3,510,250	0.59%
Ogden Investments LTD	3,484,500	0.58%
University Commons	2,965,440	0.50%
Pinecrest Holdings	2,601,340	0.44%
Champion Crossings	2,529,220	0.42%
Brookside at Chestnut	2,339,400	0.39%
Totals	<u>\$37,903,250</u>	6.36%
Total Assessed Valuation	<u>\$596,266,558</u>	6.36%

Name of Taxpayer	1996	
	Assessed Value	Percent of Assessed Value
Cincinnati Gas & Electric	\$13,555,050	5.00%
General Telephone Company	5,551,290	2.05%
First National Bank	3,380,680	1.25%
Meijer, Incorporated	2,883,100	1.06%
Square D, Incorporated	2,740,750	1.01%
K & M Development	2,706,460	1.00%
Cincinnati Bell Telephone	2,542,670	0.94%
Edward Redpath	2,488,900	0.92%
University Commons Partnership	2,016,320	0.74%
Butler Rural Electric	1,886,980	0.70%
Totals	<u>\$39,752,200</u>	14.67%
Total Assessed Valuation	<u>\$270,920,450</u>	14.67%

(1) The amounts presented represent the assessed values upon which 2005 and 1996 collections were based.

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

Talawanda School District, Ohio
Property Tax Levies and Collections (1)
Last Ten Years

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1996	\$10,264,285	\$9,905,047	96.50%	\$261,500	\$10,166,547	99.05%
1997	9,726,348	9,558,633	98.28	284,420	9,843,053	101.20
1998	9,573,273	9,421,293	98.41	211,860	9,633,153	100.63
1999	9,717,764	9,464,683	97.40	249,440	9,714,123	99.96
2000	10,059,071	9,813,439	97.56	249,440	10,062,879	100.04
2001	11,795,523	10,019,952	84.95	1,572,990	11,592,942	98.28
2002	13,138,167	11,823,421	89.99	339,349	12,162,770	92.58
2003	14,121,222	12,650,832	89.59	394,681	13,045,513	92.38
2004	14,138,266	14,104,690	99.76	373,061	14,477,751	102.40
2005	14,772,589	14,452,487	97.83	434,495	14,886,982	100.77

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

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

Talawanda School District, Ohio
Ratio of Debt
to Assessed Value and Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt							Ratio of General Debt to Estimated Actual Value	General Debt Per Capita
				General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita	General Bonded Debt Outstanding	Capital Leases	Total Debt			
1997	35,866	a	\$357,088,523	\$1,855,000	0.52%	\$51.72	\$1,855,000	-	\$1,855,000	0.52%	\$51.72	
1998	35,866	a	371,871,335	1,090,000	0.29%	\$30.39	\$1,090,000	-	1,090,000	0.29%	30.39	
1999	35,866	a	378,376,967	500,000	0.13%	\$13.94	\$500,000	-	500,000	0.13%	13.94	
2000	35,866	a	440,255,109	410,000	0.09%	\$11.43	\$410,000	-	410,000	0.09%	11.43	
2001	34,968	b	446,859,767	315,000	0.07%	\$9.01	\$315,000	-	315,000	0.07%	9.01	
2002	34,968	b	445,685,650	215,000	0.05%	\$6.15	\$215,000	159,000	374,000	0.08%	10.70	
2003	34,968	b	499,074,363	110,000	0.02%	\$3.15	\$110,000	108,000	218,000	0.04%	6.23	
2004	34,968	b	510,492,325	9,214,680	1.81%	\$263.52	\$9,214,680	55,000	9,269,680	1.82%	265.09	
2005	34,968	b	521,771,390	9,050,000	1.73%	\$258.81	\$9,050,000	580,000	9,630,000	1.85%	275.39	
2006	34,968	b	596,266,558	8,865,000	1.49%	\$253.52	\$8,865,000	3,085,000	11,950,000	2.00%	341.74	

Sources: (1) U.S. Bureau of Census, Census of Population
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Butler County Auditor

School District Records

Talawanda School District, Ohio
Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2006

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Butler County	\$5,381,271	7.46%	72,135,000
Preble County	\$12,913	0.49%	2,635,222
Hamilton City	\$1,247,341	3.47%	35,946,420
Oxford City	\$3,135,000	100.00%	3,135,000
Hanover Township	\$85,706	67.22%	127,500
Butler Technology & Career Center	\$273,812	8.57%	3,195,000
Payable from Other Sources:			
Butler County Special Assessment Bonds	\$1,368,537	7.46%	18,345,000
Preble County Special Assessment Bonds	\$16,758	0.49%	3,420,000
Hamilton City Special Assessment Bonds	\$252,609	3.47%	7,279,809
Oxford City Special Assessment Bonds	\$7,015,000	100.00%	7,015,000
Total Overlapping Debt	\$18,788,947		\$153,233,951
Direct Debt	8,865,000	100.00%	8,865,000
Total Direct and Overlapping Debt	\$27,653,947		\$162,098,951

Source: Ohio Municipal Advisory Council

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

Talawanda School District, Ohio
Computation of Legal Debt Margin
Last Ten Fiscal Years

	1998	1998	1999	2000
Tax Valuation	<u>\$357,088,523</u>	<u>\$371,871,335</u>	<u>\$378,376,967</u>	<u>\$440,255,109</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>\$32,137,967</u>	<u>\$33,468,420</u>	<u>\$34,053,927</u>	<u>\$39,622,960</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	1,855,000	1,090,000	500,000	410,000
Less Amount Available in Debt Service	<u>776,264</u>	<u>702,852</u>	<u>104,469</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>604,469</u>	<u>410,000</u>
Legal Debt Margin	<u>\$32,137,967</u>	<u>\$33,468,420</u>	<u>\$33,449,458</u>	<u>\$39,212,960</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	98.22%	98.97%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$357,089	\$371,871	\$378,377	\$440,255
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$357,089</u>	<u>\$371,871</u>	<u>\$378,377</u>	<u>\$440,255</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Sample County Auditor and School District Financial Records

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

2001	2002	2003	2004	2005	2006
<u>\$446,859,767</u>	<u>\$445,685,650</u>	<u>\$499,074,363</u>	<u>\$510,492,325</u>	<u>\$521,771,390</u>	<u>\$596,266,558</u>
<u>\$40,217,379</u>	<u>\$40,111,709</u>	<u>\$44,916,693</u>	<u>\$45,944,309</u>	<u>\$46,959,425</u>	<u>\$53,663,990</u>
315,000	215,000	110,000	9,214,680	9,050,000	8,865,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>510,492</u>	<u>338,601</u>	<u>371,818</u>
<u>315,000</u>	<u>0</u>	<u>110,000</u>	<u>9,725,172</u>	<u>9,388,601</u>	<u>9,236,818</u>
<u>\$39,902,379</u>	<u>\$40,111,709</u>	<u>\$44,806,693</u>	<u>\$36,219,137</u>	<u>\$37,570,824</u>	<u>\$44,427,172</u>
99.22%	100.00%	99.76%	78.83%	80.01%	82.79%
\$446,860	\$445,686	\$499,074	\$510,492	\$521,771	\$596,267
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$446,860</u>	<u>\$445,686</u>	<u>\$499,074</u>	<u>\$510,492</u>	<u>\$521,771</u>	<u>\$596,267</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Talawanda School District, Ohio
Demographic and Economic Statistics

Last Ten Years

Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
1997	\$35,866	\$385,796,832	\$10,757	4.20%
1998	35,866	414,247,821	11,550	3.50%
1999	35,866	\$437,726,688	12,205	3.70%
2000	35,866	463,720,008	12,929	3.30%
2001	34,968	457,759,566	13,091	3.20%
2002	34,968	451,000,434	12,898	5.00%
2003	34,968	484,684,771	13,861	4.10%
2004	34,968	532,485,795	15,228	4.30%
2005*	34,968	0	0	5.00%
2006*	34,968	0	0	5.90%

Sources: 1) U.S. Census Bureau
2) Ohio Department of Taxation
3) Ohio Bureau of Employment Services, rates for Butler County

*Information Not Available

Talawanda School District
Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2006			1997		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Miami University	Higher Education	3,500	1	34.75%	3,500	1	N/A
McCullough-Hyde Memorial	Medical	500	2	4.96%	410	3	N/A
Talawanda School District	Education	390	3	3.87%	334	4	N/A
Square D Company	Manufacturer	244	4	2.42%	634	2	N/A
Walmart	Discount Retailer	260	5	2.58%	125	6	N/A
Kroger Company	Food Retailer	180	6	1.79%	150	5	N/A
Liberty Matrix of Oxford	Nursing Home	135	7	1.34%	N/A	N/A	N/A
City of Oxford	Municipality	107	8	1.06%	96	7	N/A
McDonalds	Restaurant	76	9	0.75%	68	8	N/A
Total		<u>5,392</u>		<u>53.53%</u>	<u>5,317</u>		<u>N/A</u>
Total Employment within the School District		<u>10,072</u>			<u>N/A</u>		

Source: Oxford Chamber of Commerce & City of Oxford

Talawanda School District, Ohio
School District Employees by Function/Program
Last Three Fiscal Years

Function/Program	2004	2005	2006
Regular Instruction			
Elementary Classroom Teachers	61.50	62.00	59.50
Secondary School Classroom Teachers	98.50	94.50	92.50
Special Instruction			
Elementary Classroom Teachers	9.00	9.00	5.00
Gifted Education Teachers	3.00	3.00	3.00
Secondary School Classroom Teachers	14.00	14.00	17.50
Pupil Support Services			
Guidance Counselors	6.50	6.50	6.50
Librarians	5.00	5.00	6.00
Psychologists	2.00	2.00	2.00
Speech and Language Pathologists	3.00	1.00	2.00
Nurse	3.00	3.00	3.00
Administrators			
Elementary	3.00	3.00	3.00
Secondary	5.00	5.00	5.00
Operation of Plant			
Custodians	25.00	22.00	24.00
Maintenance	2.00	2.00	2.00
Food Service Program			
Elementary Cooks	8.50	8.00	9.00
Secondary School Cooks	14.00	15.00	11.00

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

Information prior to 2004 is not available.

Source: School District Records

Note: The District contracts for transportation, therefore, there are no bus drivers employed.

Talawanda School District, Ohio

Building Statistics

Last Three Fiscal Years

	2004	2005	2006
Talawanda High School			
Constructed in 1957, Renovated in 1960,69,89			
Total Building Square Footage	151,151	151,151	151,151
Enrollment Grades 9-12	1,102	1,059	1,051
Student Capacity	1,200	1,200	1,200
Regular Instruction Classrooms	51	48	47
Regular Instruction Teachers	51.0	48.0	47.0
Special Instruction Classrooms	8	8	10
Special Instruction Teachers	8.0	8.0	10.0
Talawanda Middle School			
Constructed in 1989			
Total Building Square Footage	107,963	107,963	107,963
Enrollment Grades 6-8	796	754	723
Student Capacity	900	900	900
Regular Instruction Classrooms	48	47	46
Regular Instruction Teachers	47.5	46.5	45.5
Special Instruction Classrooms	7	7	9
Special Instruction Teachers	7.0	7.0	8.5
Kramer Elementary			
Constructed in 1962, Renovated in 1969			
Total Building Square Footage	60,987	60,987	60,987
Enrollment Grades PK-5	667	664	685
Student Capacity	700	700	700
Regular Instruction Classrooms	35	33	33
Regular Instruction Teachers	35.0	33.0	33.0
Special Instruction Classrooms	4	4	4
Special Instruction Teachers	4.0	4.0	4.0
Marshall Elementary			
Constructed in 1968, Renovated in 1989,97			
Total Building Square Footage	57,297	57,297	57,297
Enrollment Grades PK-5	539	595	551
Student Capacity	600	600	600
Regular Instruction Classrooms	27	29	27
Regular Instruction Teachers	26.5	29.0	26.5
Special Instruction Classrooms	7	7	3
Special Instruction Teachers	7.0	7.0	3.0

Note: Information not available prior to FY04

Talawanda School District, Ohio
Operating Statistics
Last Three Fiscal Years

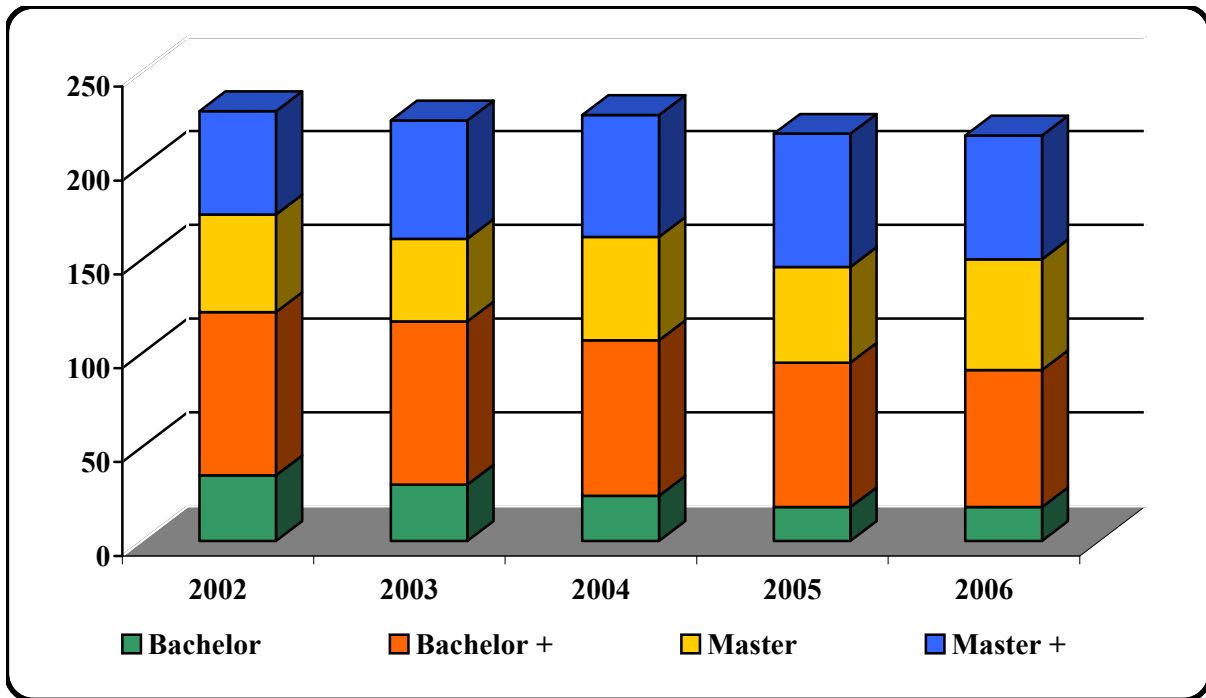
Fiscal Year	Expenses	Enrollment (1)	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2004	23,765,302	3,104	7,656	5.59%	227	13.7
2005	24,338,849	3,072	7,923	3.48%	217	14.2
2006	25,333,577	3,010	8,416	6.23%	225	13.4

Source: School District Records. Expense information is not available prior to 2004.

N/A = Not Available

Talawanda School District, Ohio
Full-Time Equivalent Teachers by Education
Last Five Fiscal Years

Degree	2002	2003	2004	2005	2006
Bachelor's Degree	35	30	24	18	18
Bachelor + 15	5	4	6	3	3
Bachelor + 30	82	83	77	74	70
Master's Degree	52	44	55	51	59
Master + 15	29	32	30	34	31
Master + 30	26	31	35	37	35
Total	229	224	227	217	216



Source: School District Records. Information prior to 2002 is not available.



**Auditor of State
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TALAWANDA SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2006**