

Olentangy Local School District

Lewis Center, Ohio

BASIC FINANCIAL STATEMENTS

For Fiscal Year Ended June 30, 2006

Issued by:

Office of the Treasurer

Rebecca A. Jenkins

Treasurer



Mary Taylor, CPA

Auditor of State

Board of Trustees
Olentangy Local School District
814 Shanahan Road
Suite 100
Lewis Center, Ohio 43035-9080

We have reviewed the *Independent Auditor's Report* of the Olentangy Local School District, Delaware County, prepared by Kennedy, Cottrell + Associates, 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 Olentangy Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 14, 2007

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OLENTANGY LOCAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Olentangy Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Independent Auditor's Report
Page 2

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
January 19, 2007

Olentangy Local School District

Management's Discussion & Analysis

For the Fiscal Year Ended June 30, 2006

As management of the Olentangy Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

The District's net assets are \$49,251,981 as of June 30, 2006 according to the Statement of Net Assets. This represents an increase of \$22,440,446 or 83.7% as compared to last year. (See the Government-wide Financial analysis below regarding this increase).

The current five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through June 2008. The District passed an operating levy in calendar 2004 (with collections beginning in calendar year 2005) which will increase revenues by an estimated \$63,000,000 over three fiscal years (started in 2005).

The General Fund reported a fund balance of \$25,418,002.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

Fiduciary Funds

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$49,251,981 according to the Statement of Net Assets at the close of the most recent fiscal year.

A portion of the District's net assets (\$17,830,931) represents resources subject to external restrictions on how they may be used.

Another portion of the District's net assets (\$8,903,145) reflects its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's unrestricted net assets are \$22,517,905 at June 30, 2006 as compared to \$7,139,165 at June 30, 2005. This increase is primarily related to the full years worth of collections of the 10.5 mill-operating levy discussed earlier. The 10.5 mill operating levy increased tax rates by 34%. A comparative analysis of fiscal year 2006 to 2005 follows from the Statements of Net Assets:

	<u>Governmental Activities</u>	
	2005	
	<u>2006</u>	(As restated)
Current assets	\$ 243,654,771	\$ 163,818,772
Capital assets	<u>226,134,928</u>	<u>205,374,905</u>
Total assets	<u>469,789,699</u>	<u>369,193,677</u>
Current liabilities	81,373,396	73,588,933
Long-term liabilities	<u>339,164,322</u>	<u>268,793,209</u>
Total liabilities	<u>420,537,718</u>	<u>342,382,142</u>
Net Assets:		
Invested in capital, net of debt	8,903,145	7,111,482
Restricted	17,830,931	12,560,888
Unrestricted	<u>22,517,905</u>	<u>7,139,165</u>
Total net assets	<u>\$ 49,251,981</u>	<u>\$ 26,811,535</u>

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

	<u>Governmental Activities</u>	
	2006	2005
Program revenues:		
Charges for services	\$ 5,367,946	\$ 4,562,598
Federal grants	2,850,828	2,279,002
State grants	1,487,160	824,717
Capital contributions	-	4,651,152
General revenues:		
Property taxes	105,721,238	93,295,674
State entitlements	15,394,492	15,471,497
Investment earnings	5,125,075	1,783,425
Miscellaneous	<u>394,239</u>	<u>655,565</u>
Total revenues	<u>136,340,978</u>	<u>123,523,630</u>
Program expenses:		
Instructional	57,227,408	52,647,658
Support services	38,696,883	35,593,245
Co-curricular student activities	2,801,661	2,847,202
Community services	371,161	468,977
Interest on long-term debt	<u>14,803,419</u>	<u>11,675,021</u>
Total expenses	<u>113,900,532</u>	<u>103,232,103</u>
Increase in net assets	<u>\$ 22,440,446</u>	<u>\$ 20,291,527</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$22,440,446. This increase is primarily attributed to the aforementioned increase in property tax revenues. The expenditure increase over the prior year is primarily due to adding staff as well as, increases as a result of normal pay raises and increased health insurance premiums associated with existing staff. The District is one of the fastest growing school district in the state of Ohio, as well as, one of the fastest growing districts in the nation. The District's enrollment increased by over 1,100 students in fiscal year 2006.

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

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

<u>Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Service</u>
	<u>2006</u>	<u>2006</u>
Instructional services	\$ 57,227,408	56,233,935
Support services	38,696,883	32,389,809
Co-curricular student activities	2,801,661	888,348
Community services	371,161	(120,913)
Interest on long-term debt	<u>14,803,419</u>	<u>14,803,419</u>
Total	<u>\$ 113,900,532</u>	<u>104,194,598</u>

Local property taxes make up 77.5% of total revenues for governmental activities. The net services column reflecting the need for \$104,194,598 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$152,589,750, which represents an increase of \$75,709,328 as compared to last year's total of \$76,880,422 according to the Governmental Funds Balance Sheet. This increase is primarily due to the aforementioned tax levy, as well as the issuance of general obligation bonds for construction activities as described below in the capital asset section of this letter. The schedule below shows the fund balance and the total change in fund balance from June 30, 2005 to 2006.

	Fund Balance at June 30, 2006	Fund Balance at June 30, 2005	Increase (Decrease)
General Fund	\$ 25,418,002	\$ 9,501,557	15,916,445
Debt Service	16,011,210	11,251,458	4,759,752
Building Fund	108,811,064	54,486,099	54,324,965
Other Governmental Funds	2,349,474	1,641,308	708,166
Total	<u>\$ 152,589,750</u>	<u>\$ 76,880,422</u>	<u>75,709,328</u>

General Fund

The District's General Fund balance increased primarily because of the increases in property tax revenue in advance of budgeted expenditures. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

Revenues

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Property taxes	\$ 84,726,861	\$ 76,002,014	11.48%
Intergovernmental	14,299,699	13,720,807	4.22%
Investment income	1,545,898	518,460	198.17%
Other revenue	<u>855,586</u>	<u>805,722</u>	6.19%
Total	<u>\$ 101,428,044</u>	<u>\$ 91,047,003</u>	11.40%

Property taxes were expected to increase due to new construction (approximately 9% of valuation) and the first full year of collection of taxes related to the 10.5 mil operating levy. Intergovernmental revenue is up 4.22% as a direct result of the increase in State allocation for basic aid which increased due to enrollment increases. Investment income is up 198.17% from fiscal 2005 due to higher available cash balances throughout the year and somewhat higher rate of return on investments.

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

Expenditures by Function

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Instructional services	\$ 51,937,672	\$ 46,884,382	10.78%
Support services	31,460,670	29,128,829	8.01%
Co-curricular student activities	1,817,223	1,916,838	-5.20%
Community services	704	1,934	-63.60%
Debt service	<u>310,089</u>	<u>226,639</u>	36.82%
Total	<u>\$ 85,526,358</u>	<u>\$ 78,158,622</u>	9.43%

The expenditure increase over the prior year is primarily due to the increase in the number of employees to meet the demand of an additional 1,200 students in fiscal year 2006. In addition, expenses increased due to normal raises and increased health insurance premiums associated with existing staff. Revenues exceeded expenditures in the general fund during the fiscal year resulting in an increase in fund balance of \$15,916,445.

Debt Service Fund

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

Revenues

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Property taxes	\$ 21,205,377	\$ 16,966,660	24.98%
Intergovernmental	1,983,745	1,801,192	10.14%
Other revenue	11,620	2,767	-100.00%
Total	<u>\$ 23,200,742</u>	<u>\$ 18,770,619</u>	23.60%

Property taxes were expected to increase due to new construction (approximately 9% of valuation); as well as the passage of the aforementioned levy.

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

Expenditures by Function

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Support services	\$ 349,959	\$ 243,725	43.59%
Interest repayment	14,419,567	11,469,205	25.72%
Principal repayment	4,768,082	5,740,020	-16.93%
Total	<u>\$ 19,537,608</u>	<u>\$ 17,452,950</u>	11.94%

Expenditures increased 11.94% over the prior year due to 2006 being the first full year of interest and principal payments on bonds issued in 2004. See below for further discussion as it relates to the District's debt activity.

Building Fund

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The increase in fund balance is a result of issuance of general obligation bonds in the amount of \$77,000,000, as discussed below, offset by continuing expenditures for construction projects as follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2006</u>	<u>Committed</u>
Olentangy Meadows Elementary	\$ 9,700,000	7,932,591	1,767,409
Liberty Tree Elementary	9,700,000	98,429	9,601,571
Johnny Cake Elementary	10,500,000	479,557	10,020,443
Shanahan renovations	4,900,000	1,775,704	3,124,296
Orange High School	56,100,000	1,620,258	54,479,742
Hyatts Middle School	18,600,000	13,839,473	4,760,527
Total Capital Projects	<u>\$ 109,500,000</u>	<u>25,746,012</u>	<u>83,753,988</u>

Other Funds

Other governmental funds consist of Special Revenue, and other Capital Projects funds. Fund balance in these funds increased by \$708,166.

General Fund Budget Information

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

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

The original budget revenue estimate was revised compared to the final budget estimate as a result of the District receiving higher tax revenues as well as investment income than expected. The original expenditure budget was decreased as compared to the final expenditure budget primarily as a result of the District being able to hire new staff at pay levels lower than expected, as well as budgeted increases in health insurance premiums being less than expected.

Capital Assets

The District has \$226,134,928 invested in capital assets net of depreciation. The capital asset balance increased by \$20,760,023, net of current year depreciation of \$5,621,116. This increase is primarily attributed to the continued building of schools and related purchase of tangible assets for such schools as discussed in the Building Fund above. Additional detailed information regarding capital asset activity is included in the notes to the basic financial statements on page 34.

Debt

On June 30, 2006, the District had \$331,437,797 in outstanding bonds and note payable as follows:

Amount outstanding at June 30, 2006	\$ 317,307,701
Accumulated accretion on discount debt	11,466,684
Unamortized bond premium, net of accumulated amortization of \$ 663,087	9,897,684
Deferred amount on refunding bonds, net	(3,778,507)
Amount included in the Statement of Net Assets	<u><u>\$ 334,893,562</u></u>

On March 24, 2006 the District issued \$74,230,000 of various purpose bonds and \$43,762,306 refunding bonds consisting of the following:

\$77,000,000 of which \$74,230,000 was issued, was approved by voters on November 8, 2005, for the purpose of acquiring land, constructing, furnishing, and equipping a new high school, a new elementary schools and expanding existing facilities, purchasing school buses, and purchasing related textbooks and equipment.

The \$43,762,306 of refunding bonds were issued for the purpose of refunding various portions of the 1999 bonds, 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$1,096,564 and \$7,105,081 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively. This transaction resulted in an economic gain (present value gain) of \$1,396,021.

Detailed information regarding long-term debt is included in the notes to the basic financial statements on page 35.

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

Restrictions and Other Limitations

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

The first challenge is to ensure resources can be preserved as long as possible. The five-year forecast of the general fund and the 10-year building/construction plan are utilized as tools to manage resources effectively. The voters of the District approved a 10.5 mill-operating levy in March 2004. This District anticipates the revenue generated through this levy will allow the District to keep a positive fund balance through fiscal year 2008. This additional revenue will assist in funding the current operations of the district along with future building operations. The District opened a middle school in fiscal 2005 and an elementary in fiscal 2006. The District anticipates opening two new elementary schools in fiscal 2008 and one every other year in the foreseeable future, as well as another middle school in fiscal 2008 and a third high school in fiscal 2009, to meet the needs of a growing enrollment (i.e. 800 students or more per year).

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

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or request for additional information should be directed to Rebecca A. Jenkins, Treasurer, Olentangy Local School District, 814 Shanahan Road, Suite 100 Lewis Center, Ohio 43035.

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2006

**GOVERNMENTAL
ACTIVITIES**

ASSETS:

Cash and investments	\$ 140,601,943
Receivables	99,966,380
Due from other -	
Governments	395,939
Inventory	283,495
Deferred charges	2,338,614
Prepaid assets	68,400
Capital Assets:	
Land and construction in progress	50,869,654
Other capital assets, net of accumulated depreciation	175,265,274
 TOTAL ASSETS	 <hr/> 469,789,699

LIABILITIES:

Accounts payable	3,930,929
Due to other:	
Governments	3,272,591
Unearned revenue	65,791,625
Accrued liabilities	8,378,251
Long-term Liabilities:	
Due within one year	9,062,075
Due in more than one year	330,102,247
 TOTAL LIABILITIES	 <hr/> 420,537,718

NET ASSETS:

Invested in capital assets, net of related debt	8,903,145
Restricted for:	
Debt Service	15,186,466
Capital Projects	107,196
Special Revenues	2,537,269
Unrestricted	22,517,905
 TOTAL NET ASSETS	 <hr/> \$ 49,251,981

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

				Net (Expense) Revenue and <u>Changes in Net Assets</u>
	Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
	<u>Expenses</u>			
Governmental Activities				
Instructional services:				
Regular	\$ 46,825,283	688,308	64,360	(46,072,615)
Special	9,515,195	-	205,570	(9,309,625)
Vocational	886,930	-	35,235	(851,695)
Support services:				
Operation and maintenance of plant	10,004,841	-	25,750	(9,979,091)
School administration	4,944,790	-	44,137	(4,900,653)
Pupils	5,477,774	-	1,606,274	(3,871,500)
Business operations	2,488,272	-	-	(2,488,272)
Instructional staff	3,537,520	-	241,185	(3,296,335)
Student transportation	6,201,572	-	-	(6,201,572)
Food services	4,026,471	3,661,774	682,954	318,257
Central services	1,661,191	-	45,000	(1,616,191)
General administration	354,452	-	-	(354,452)
Co-curricular student activities	2,801,661	952,609	960,704	(888,348)
Community services	371,161	65,255	426,819	120,913
Interest	<u>14,803,419</u>	<u>-</u>	<u>-</u>	<u>(14,803,419)</u>
Total Governmental Activities	<u>113,900,532</u>	<u>5,367,946</u>	<u>4,337,988</u>	<u>(104,194,598)</u>
 General Revenues:				
Property Taxes				105,721,238
Grants and entitlements not restricted to specific programs				15,394,492
Investment earnings				5,125,075
Miscellaneous				394,239
Total general revenues				<u>126,635,044</u>
Change in Net Assets				22,440,446
Net Assets Beginning of Year, as restated				26,811,535
Net Assets End of Year				<u>\$ 49,251,981</u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS :					
Cash and investments	\$ 17,142,911	9,289,210	111,349,047	2,820,775	140,601,943
Receivables	78,227,844	20,995,000	736,777	6,759	99,966,380
Due from other:					
Governments	-	-	-	395,939	395,939
Funds	130,353	-	-	-	130,353
Inventory	165,267	-	-	118,228	283,495
Prepaid assets	68,400	-	-	-	68,400
TOTAL ASSETS	\$ 95,734,775	30,284,210	112,085,824	3,341,701	241,446,510
LIABILITIES:					
Accounts payable	\$ 549,117	-	3,274,760	107,052	3,930,929
Due to other:					
Governments	2,949,411	135,000	-	188,180	3,272,591
Funds	-	-	-	130,353	130,353
Unearned revenue	53,174,705	14,138,000	-	339,008	67,651,713
Accrued liabilities	6,976,873	-	-	227,634	7,204,507
Notes payable	6,666,667	-	-	-	6,666,667
TOTAL LIABILITIES	70,316,773	14,273,000	3,274,760	992,227	88,856,760
FUND BALANCES:					
Fund balances:					
Reserved for encumbrances	631,002	-	71,995,208	246,911	72,873,121
Reserved for prepaid expenditures	68,400	-	-	-	68,400
Reserved for future appropriations	24,459,000	6,857,000	-	-	31,316,000
Unreserved, reported in:					
General fund	259,600	-	-	-	259,600
Special Revenue funds	-	-	-	2,145,492	2,145,492
Debt Service fund	-	9,154,210	-	-	9,154,210
Capital Projects funds	-	-	36,815,856	(42,929)	36,772,927
TOTAL FUND BALANCES	25,418,002	16,011,210	108,811,064	2,349,474	152,589,750
TOTAL LIABILITIES AND FUND EQUITY	\$ 95,734,775	30,284,210	112,085,824	3,341,701	241,446,510

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
 NET ASSETS OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2006

Total Governmental Fund Balances	\$ 152,589,750
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	226,134,928
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	4,198,702
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable, net	
Bonds payable	(310,641,033)
Unamortized deferred amount on refunding	3,778,506
Unamortized bond premium	(9,897,684)
Accumulated accretion on capital appreciation bonds	<u>(11,466,684)</u>
Bonds payable, net	<u>(328,226,895)</u>
Interest payable	(1,173,746)
Compensated absences	(4,212,316)
Capital lease payable	(58,442)
Net Assets of Governmental Activities	<u><u>\$ 49,251,981</u></u>

OLENTANGY LOCAL SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES--GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2006

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 84,726,861	21,205,377	-	-	105,932,238
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	2,850,828	2,850,828
State:					
Unrestricted Grants-in-aid	14,299,699	1,983,745	-	-	16,283,444
Restricted Grants-in-aid	52,260	-	-	624,783	677,043
Food services	-	-	-	3,661,774	3,661,774
Investment income	1,545,898	-	3,554,963	24,214	5,125,075
Co-curricular activities	-	-	-	952,609	952,609
Tuition fees	489,593	-	-	-	489,593
Other	<u>313,733</u>	<u>11,620</u>	<u>21,411</u>	<u>325,895</u>	<u>672,659</u>
TOTAL REVENUES	101,428,044	23,200,742	3,576,374	8,440,103	136,645,263
EXPENDITURES:					
Current:					
Instructional services:					
Regular	41,838,362	-	550,161	263,782	42,652,305
Special	9,252,806	-	-	334,701	9,587,507
Vocational	846,504	-	-	-	846,504
Continuing	-	-	-	-	-
TOTAL INSTRUCTIONAL SERVICES	51,937,672	-	550,161	598,483	53,086,316
Support services:					
Operation and maintenance of plant	9,704,229	-	-	23,162	9,727,391
School administration	5,045,219	-	-	9,006	5,054,225
Pupils	3,739,912	-	40	1,702,661	5,442,613
Business operations	2,103,007	349,959	15,000	-	2,467,966
Instructional staff	3,081,465	-	62,422	321,961	3,465,848
Student transportation	5,536,773	-	31,835	-	5,568,608
Food services	-	-	-	3,851,125	3,851,125
Central services	1,623,252	-	-	21,000	1,644,252
General administration	354,452	-	-	-	354,452
Facilities	272,361	-	-	-	272,361
TOTAL SUPPORT SERVICES	31,460,670	349,959	109,297	5,928,915	37,848,841
Co-curricular student activities	1,817,223	-	-	813,893	2,631,116
Community services	704	-	-	370,827	371,531
Capital outlay	-	-	25,591,951	19,819	25,611,770
Debt service:					
Principal retirement	74,532	4,768,028	-	-	4,842,560
Interest and fiscal charges	<u>235,557</u>	<u>14,419,567</u>	<u>-</u>	<u>-</u>	<u>14,655,124</u>
TOTAL EXPENDITURES	85,526,358	19,537,554	26,251,409	7,731,937	139,047,258
Excess (deficiency) of revenues over expenditures	15,901,686	3,663,188	(22,675,035)	708,166	(2,401,995)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	14,759	-	-	-	14,759
Proceeds from sale of bonds	-	-	74,230,000	-	74,230,000
Premium on bonds	-	4,335,081	2,770,000	-	7,105,081
Issuance of refunding bonds	-	43,532,307	-	-	43,532,307
Payment to refunded bond escrow agent	-	(46,770,824)	-	-	(46,770,824)
TOTAL OTHER FINANCING SOURCES (USES)	14,759	1,096,564	77,000,000	-	78,111,323
Net change in fund balances	15,916,445	4,759,752	54,324,965	708,166	75,709,328
FUND BALANCES AT BEGINNING OF YEAR	9,501,557	11,251,458	54,486,099	1,641,308	76,880,422
FUND BALANCE AT END OF YEAR	\$ 25,418,002	16,011,210	108,811,064	2,349,474	152,589,750

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net Changes in Fund Balances - Total Governmental Funds \$ 75,709,328

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the current period. 20,760,023

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds. (289,835)

Bond issuance cost associated with new debt issued in fiscal 2006 were reported as
expenditures in governmental funds, whereas bond issuance cost are deferred
and amortized over the life of the bonds in the entity wide statements 1,096,564

Proceeds from the issuance of debt is revenues in the governmental funds but is
an increase in long-term liabilities in the statement of net assets (124,867,388)

Repayment of bond and capital lease principal is an expenditure in governmental fund,
but the repayment reduces long-term liabilities in the statement of net assets
assets and does not result in an expense in the statement of activities:

Payment to escrow agent for refunding	46,770,824
General obligation debt	4,768,028
Capital lease payments	74,532
	51,613,384

In the statement of activities, interest is accrued on outstanding bonds, whereas
in governmental funds, an interest expenditure is recorded when due. (205,098)

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported
as expenditures in governmental funds.

Compensated absences	(336,771)
Accretion on bonds	(977,642)
Amortization, net	
Amortization of deferred amount on refunding	(341,093)
Amortization of bond premium	382,411
Amortization of bond issuance costs	(103,437)
Amortization, net	(62,119)
Change in Net Assets of Governmental Activities	\$ 22,440,446

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	PRIVATE PURPOSE TRUST	AGENCY FUNDS
ASSETS:		
Cash and investments	\$ 20,700	\$ 293,161
TOTAL ASSETS	\$ 20,700	\$ 293,161
LIABILITIES:		
Accounts payable	-	5,463
Due to other		287,698
TOTAL LIABILITIES	-	\$ 293,161
NET ASSETS		
Assets held in trust	\$ 20,700	

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>PRIVATE PURPOSE <u>TRUST</u></u>
ADDITIONS	
Investment Earnings-	
Interest	\$ 312
TOTAL ADDITIONS	<u><u>312</u></u>
DEDUCTIONS	
Contributions-Scholarships	-
TOTAL DEDUCTIONS	<u><u>-</u></u>
Change in net assets	312
NET ASSETS-beginning of the year	20,388
NET ASSETS-end of the year	<u><u>\$ 20,700</u></u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

1. REPORTING ENTITY

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

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

Jointly Governed Organizations

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

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment, to administrative and instructional functions among the member school districts. The governing board of TRECA consist of one representative from each county elected by the majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information for TRECA can be obtained from TRECA administrative offices at: 2222 Marion-MT. Gilead Road, Marion, OHIO 43302.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the District reports the following fund types:

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used.

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

(c) Cash and Investments

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

(d) Inventory

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

(e) Capital Assets and Depreciation

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing

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

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

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

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

(f) Interfund Activity

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

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

(g) Compensated Absences

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

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. When paid, compensated absences for governmental activities are paid from the fund to which the employee's payroll is charged.

(h) Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, these accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance

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

sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term liabilities paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(i) Fund Balance Reserves / Restrictions

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

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

(j) Management Estimates

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

3. CASH AND INVESTMENTS

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

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

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During fiscal year 2006, the District complied with the provisions of these statutes.

Deposits with Financial Institutions:

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

At June 30, 2006, the carrying amount of all District deposits was \$ 12,643,123, exclusive of the \$7,470,516 overnight repurchase agreement included as an investment below. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2006, \$14,147,718 of the District's bank balance of \$14,347,718 was exposed to custodial risk as discussed above, while \$200,000 was covered by Federal Deposit Insurance.

The District had cash on hand in the amount of \$7,050.

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

Investments:

As of June 30, 2006, the District had the following investments and maturities.

Investment type	Fair Value	Investment Maturities					Greater Than 24 months
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months		
FHLB Note	\$ 2,989,313	2,989,313	-	-	-	-	-
FHLB	21,723,981	7,443,335	6,400,887	2,956,569	3,941,586	981,604	-
FHLMC Note	7,885,750	7,885,750	-	-	-	-	-
FHLMC	18,710,220	3,470,893	12,322,474	994,943	1,921,910	-	-
FNMA Note	11,293,869	6,958,293	4,335,576	-	-	-	-
FNMA	15,833,739	-	3,947,458	8,898,690	2,987,591	-	-
FFCB	4,880,920	-	4,880,920	-	-	-	-
Repurchase Agreement	7,470,516	7,470,516	-	-	-	-	-
Star Ohio	<u>37,484,373</u>	<u>37,484,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$128,272,681</u>	<u>73,702,473</u>	<u>31,887,315</u>	<u>12,850,202</u>	<u>8,851,087</u>	<u>981,604</u>	

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

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

Custodial Credit Risk Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy related to custodial credit risk for investments; however, the District minimizes custodial credit risk by utilizing multiple safekeeping agents for its book-entry securities.

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

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the District at June 30, 2006:

Investment type	Fair Value	% to total
FHLB Note	\$ 2,989,313	2.33%
FHLB	21,723,981	16.94%
FHLMC Note	7,885,750	6.15%
FHLMC	18,710,220	14.59%
FNMA Note	11,293,869	8.80%
FNMA	15,833,739	12.34%
FFCB	4,880,920	3.81%
Repurchase Agreement	7,470,516	5.82%
STAROhio	37,484,373	29.22%
	<hr/> <hr/>	<hr/> <hr/>
	\$ 128,272,681	100.00%

4. PROPERTY TAXES

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

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

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

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

Tangible personal property taxes attach as a lien and are levied January 1 of the current year. Tangible personal property assessments are 25% of true value, except assessment on inventory which is 23% of true value. The majority of property tax revenues (in excess of 99%) are collected by the Delaware County Treasurer. The assessed values for collection in 2006, upon which the 2005 levies were based, are as follows:

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

Agricultural/Residential Real Estate	\$2,236,716,990
Commercial/Industrial Real Estate	369,853,120
Public Utility Real Estate	212,480
Public Utility Tangible	79,311,900
General Tangible Property	<u>81,586,254</u>
	<u><u>\$2,767,680,744</u></u>

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

Accrued property taxes receivables represent real property, personal property and public utility taxes which were measurable but not available as of June 30, 2006. However, monies legally available as an advance to the District as of June 30, 2006 are recognized as revenue as they are both measurable and available. The property tax amount recognized as revenue is reflected as a reservation of fund balance (reserve for future appropriations) as the District is prohibited by law from appropriating this amount in accordance with Ohio Revised Code Section 5705.35.

5. RECEIVABLES

Receivables at June 30, 2006, consisted of taxes, interest and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$ 97,388,400
Taxes delinquent	1,815,600
Interest	736,777
Other	<u>25,603</u>
Total receivables	<u><u>\$ 99,966,380</u></u>

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

6. DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2006, consist of the following:

Governmental Activities:

Federal	<u>\$ 395,939</u>
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7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2006, consist of the following individual fund receivables and payables on the fund basis:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 130,353	
Other Governmental Funds		130,353
Total	<u>\$ 130,353</u>	<u>\$ 130,353</u>

These interfund balances represent advances of amounts necessary to support activities of the respective funds. These advances will be repaid with 2007 receipts.

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

8. CAPITAL ASSETS

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

	Balance June 30, 2005	Additions	Disposals	Transfers	Balance June 30, 2006
Capital Assets used in:					
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 25,123,642	-	(8,087,469)	25,123,642	
Construction in progress	9,583,071	24,250,410	-	25,746,012	
Total nondepreciable capital assets	<u>34,706,713</u>	<u>24,250,410</u>	<u>-</u>	<u>(8,087,469)</u>	<u>50,869,654</u>
Depreciable capital assets:					
Building and improvements	178,323,862	749,148	23,505	8,087,469	187,136,974
Furniture, fixtures and equipment	12,440,338	1,350,748	83,163	-	13,707,923
Buses, autos and trucks	7,957,553	60,614	12,630	-	8,005,537
Total depreciable capital assets	<u>198,721,753</u>	<u>2,160,510</u>	<u>119,298</u>	<u>8,087,469</u>	<u>208,850,434</u>
Accumulated depreciation:					
Building and improvements	21,856,977	3,680,525	16,454	-	25,521,048
Furniture, fixtures and equipment	3,648,623	1,243,333	64,413	-	4,827,543
Buses, autos and trucks	2,547,961	697,830	9,222	-	3,236,569
Total accumulated depreciation	<u>28,053,561</u>	<u>5,621,688</u>	<u>90,089</u>	<u>-</u>	<u>33,585,160</u>
Total depreciable capital assets, net	<u>170,668,192</u>	<u>(3,461,178)</u>	<u>29,209</u>	<u>8,087,469</u>	<u>175,265,274</u>
Total governmental activities capital assets, net	<u>\$ 205,374,905</u>	<u>20,789,232</u>	<u>29,209</u>	<u>-</u>	<u>226,134,928</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 4,192,352
Special	92,631
Support services:	
Operation and maintenance of plant	300,519
School administration	19,424
Pupils	7,439
Business operations	16,659
Instructional staff	9,277
Food services	149,847
Central	20,589
Student transportation	652,415
Co-curricular student activities	156,411
Community services	4,125
Total depreciation	<u>\$ 5,621,688</u>

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

Construction in progress at June 30, 2006 is composed of the following:

	Project Authorization	Expended to June 30, 2006	Committed
Olentangy Meadows Elementary	\$ 9,700,000	7,932,591	1,767,409
Liberty Tree Elementary	9,700,000	98,429	9,601,571
Johnny Cake Elementary	10,500,000	479,557	10,020,443
Shanahan renovations	4,900,000	1,775,704	3,124,296
Orange High School	56,100,000	1,620,258	54,479,742
Hyatts Middle School	<u>18,600,000</u>	<u>13,839,473</u>	<u>4,760,527</u>
Total Capital Projects	<u>\$ 109,500,000</u>	<u>25,746,012</u>	<u>83,753,988</u>

9. GENERAL LONG-TERM OBLIGATIONS

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

As of June 30, 2006, the District had nine general obligation bonds and one tax anticipation note outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. General obligations currently outstanding are:

Purpose	Date Issued	Interest Rate	Final Maturity	Balance at June 30, 2006
Construction of High School	12/01/88	7.75%	12/01/11	\$ 3,780,000
Construction/Improvement of Schools (1)	02/01/95	5.1 -6.25%	12/01/15	5,711,638
Various purpose/refund bonds (2)	06/22/99	3.45 -5.35%	12/01/27	25,594,603
Construction of schools (3)	08/08/00	5.57%	12/01/27	1,322,910
Construction of schools (4)	02/14/02	4.1 -5.5%	12/01/30	28,509,603
School Facilities Construction/Improv. (5)	09/10/02	5.00%	12/01/30	23,205,000
School Facilities Construction/Improv. (6)	06/01/04	4.00%	12/01/24	61,594,994
Refunding Bonds 2004(6)	06/01/04	4.00%	12/01/20	9,085,000
Refunding Bonds 2005(7)	03/24/05	4.25%	12/01/27	34,074,980
Various purpose/refunding bonds 2006(8)	02/01/06	3.2 - 4.2%	12/01/33	117,762,306
Tax Anticipation Note (9)	10/28/04	2.75%	10/28/07	<u>6,666,667</u>
				<u>\$ 317,307,701</u>

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

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

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

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

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

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

The \$9,085,000 of refunding bonds were issued for the purpose of refunding various portions of the 1998 bonds, 2000 bonds 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$715,896 and \$4,237,771 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively.
- 7) On March 24, 2005 the District issued \$34,779,980 of refunding bonds. The refunding bonds were issued for the purpose of refunding various portions of the 1995 bonds, 1997 bonds, 1999 bonds and the 2000 bonds listed above. This transaction resulted in an economic gain (present value cost) of \$1,667,607.

Bond issuance cost and the bond premium of \$368,575 and \$2,847,224 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively.
- 8) On March 24, 2006 the District issued \$74,230,000 of various purpose bonds and \$43,532,307 refunding bonds consisting of the following:

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

\$77,000,000 approved by voters on November 8, 2005, for the purpose of acquiring land, constructing, furnishing, and equipping a new high school, a new elementary schools and expanding existing facilities, purchasing school buses, and purchasing related textbooks and equipment.

The \$43,762,306 of refunding bonds were issued for the purpose of refunding various portions of the 1999 bonds, 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$1,096,564 and \$7,105,081 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively. This transaction resulted in a cash flow savings of 1,839,821 and an economic gain (present value gain) of \$1,396,021.

- 9) On October 28, 2004 the District issued \$10,000,000 in tax anticipation notes. These notes will be paid by future tax revenue in equal installments over the next three fiscal years.

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

Amount outstanding at June 30, 2006	\$ 317,307,701
Accumulated accretion on discount debt	11,466,684
Unamortized bond premium, net of accumulated amortization of \$ 663,087	9,897,684
Deferred amount on refunding bonds, net	(3,778,507)
 Amount included in the Statement of Net Assets	 \$ 334,893,562

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

Year ending June 30,	Interest rates	Principal	Interest
2006	3.65 -7.75%	7,136,641	16,423,366
2007	3.65 -7.75%	7,749,185	17,503,814
2008	3.65 -7.75%	3,744,807	18,482,673
2009	3.65 -7.75%	8,272,260	16,860,858
2010	3.65 -7.75%	10,339,507	15,671,944
2011-2015	3.65 -7.75%	70,622,995	67,047,696
2016-2020	3.65 -7.75%	54,427,306	48,439,406
2021-2025	3.65 -7.75%	60,855,000	32,859,944
2026-2030	3.65 -7.75%	68,530,000	16,442,062
2031-2034	3.65 -7.75%	25,630,000	2,222,100
 Total		 \$ 317,307,701	 \$ 251,953,863

Not included in the above amounts as of June 30, 2006 are \$43,775,000 of bonds that the District defeased in March of 2006, \$34,415,000 of bonds that the District defeased in March of 2005, and 2,465,000 of bonds that the District defeased in June of 2004. For

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

accounting purposes, the assets and liabilities for the defeased bonds are not reflected in the District's financial statements.

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

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$244,763,108 and an unvoted debt margin of \$2,767,681. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Delaware County and other taxing entities. As of June 30, 2006, these entities have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value. These debt limitation calculations exclude \$11,466,684 in accretion of deep discount debt in accordance with State Law. Management believes that the District has complied with all bond covenants.

Capital Lease Obligation

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

All the leases relate to the General Fund. The principal and interest payments made on the leases during fiscal 2006 were \$74,532 and \$6,807, respectively.

The District's future minimum lease payments under capital lease obligations as of June 30, 2006 are as follows:

<u>Year ending June 30,</u>	<u>Capital Leases</u>
2007	60,481
Less: amounts representing interest	<u>2,039</u>
Present value of minimum lease payments	<u>\$ 58,442</u>

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

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

	Balance June 30, 2005	Additions /Accretion	Reductions	Balance June 30, 2006	Amounts Due in One Year
Accrued liabilities (accrued vacation and sick leave)	\$ 3,875,545	540,771	204,000	4,212,316	\$ 256,000
Bonds payable, net	253,962,035	126,186,123	51,921,263	328,226,895	5,414,300
Tax anticipation note	10,000,000	-	3,333,333	6,666,667	3,333,333
Capital lease obligations	132,974	-	74,532	58,442	58,442
	<hr/> <u>\$ 267,970,554</u>	<hr/> <u>126,726,894</u>	<hr/> <u>55,533,128</u>	<hr/> <u>339,164,320</u>	<hr/> <u>\$ 9,062,075</u>

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

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracts with third-party insurance company for property insurance (including boiler and machinery) and general liability insurance and vehicle insurance.

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

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

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

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$5,677,000, \$5,286,000, and \$4,298,000, respectively; equal to 100% of the required contribution each year.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,894,000, \$1,652,000, and \$1,334,000, respectively, equal to 100% of the required contribution for each year.

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

C. Social Security System

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

12. Postemployment Benefits Other than Pension Benefits

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

All STRS Ohio retirees who participated in the DB or combined Plan and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$405,500 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal

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

year the School District paid \$462,677 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,100 participants eligible to receive health care benefits.

13. CONTINGENCIES

(a) *Grants*

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

(b) *Litigation*

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

(c) *State School Funding Decision*

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

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

14. SET-ASIDES

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

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

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

	Textbook Reserve	Maintenance Reserve	Capital
Balance, July 1, 2005	\$ -	-	-
Required Set-Aside	1,369,218	1,369,218	
Qualifying Expenditures	(2,030,070)	(2,014,594)	
Total	(660,852)	(645,376)	
Balance, June 30, 2006	\$ -	-	

15. FUND DEFICITS / ACCOUNTABILITY

The following funds had GAAP basis deficit fund balances at June 30, 2006:

Special Revenue Funds:	Deficit Fund Balances
Title I	\$ 50,139
Safe & Drug Free Schools	\$ 27,277
Preschool Grant	\$ 192
Title II A	\$ 28,467
Other Federal	\$ 983

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

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

16. RESTATEMENT

The beginning net assets of the governmental type activities has been restated to properly reflect beginning accumulated accretion on deep discount debt. The adjustments had the following effect on net assets as previously reported:

Governmental Activities	
Net Assets June 30, 2005	\$30,267,118
Adjustment for accumulated accretion	(3,455,583)
Restated Net Assets June 30, 2005	<u><u>\$26,811,535</u></u>

17. SUBSEQUENT EVENT – Bond Refunding

On November 9, 2006, the District sold \$89,949,954 of refunding obligation bonds with a final maturity of December 1, 2032. These bonds refunded \$6,725,000 of the District's various purpose bonds series 1999, dated June 22, 1999, \$14,670,000 various purpose bonds series 2002, dated February 14, 2002, \$7,230,000 of the District's School Facilities Construction and Improvement Bonds, Series 2002A, dated September 10, 2002, and \$61,340,000 of the District's School Facilities Construction and Improvement Bonds, Series 2004A, dated June 2, 2004. The refunding resulted in a premium of \$4,715,470, with related issuance costs of \$834,442. The transaction resulted in an economic gain of \$3,101,128 (present value) and a reduction of \$3,917,924 in future debt service payments.

OLENTANGY LOCAL SCHOOL DISTRICT

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REQUIRED SUPPLEMENTARY INFORMATION

OLENTANGY LOCAL SCHOOL DISTRICT

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**OLENTANGY LOCAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	75,282,705	78,146,572	\$ 78,146,572	-
Investment income	500,000	1,545,898	1,545,898	-
Tuition fees	538,000	459,141	459,141	-
Miscellaneous	1,568,866	1,649,573	1,649,573	-
State sources	14,951,000	14,351,959	14,351,959	-
TOTAL REVENUES	92,840,571	96,153,143	96,153,143	-
EXPENDITURES:				
Instructional services:				
Regular	42,705,410	42,398,524	41,521,929	876,595
Special	9,896,606	9,802,816	9,081,516	721,300
Vocational	759,390	749,632	833,842	(84,210)
Continuing	400,000	-	-	-
TOTAL INSTRUCTIONAL SERVICES	53,761,406	52,950,972	51,437,287	1,513,685
Support services:				
Pupils	3,943,479	3,915,211	3,694,553	220,658
Instructional staff	3,412,263	3,380,511	3,036,985	343,526
Board of Education	462,675	440,951	382,801	58,150
School administration	5,322,652	5,267,140	5,008,957	258,183
Fiscal services	2,041,190	2,031,030	1,965,751	65,279
Business operations	218,333	229,290	206,173	23,117
Operation and maintenance of plant	10,550,132	10,441,194	10,031,366	409,828
Student transportation	5,934,116	5,764,151	5,758,269	5,882
Central services	1,893,374	1,919,440	1,717,755	201,685
TOTAL SUPPORT SERVICES	33,778,214	33,388,918	31,802,610	1,586,308
Community recreation services	2,000	2,000	500	1,500
Co-curricular activities	2,067,801	2,060,241	1,806,763	253,478
Site improvement	318,498	315,978	271,648	44,330
Repayment of debt	3,562,083	3,562,083	3,562,083	-
Other	1,055	21,426	406	21,020
TOTAL EXPENDITURES	93,491,057	92,301,618	88,881,297	3,420,321
Excess (deficiency) of revenues over expenditures	(650,486)	3,851,525	7,271,846	3,420,321
OTHER FINANCING SOURCES (USES):				
Advances in	57,047	57,047	57,047	-
Advances out	(10,000)	(10,000)	(95,006)	(85,006)
Sale of fixed assets	5,000	14,759	14,759	-
Refund of prior year expenditures (receipts)	42,000	75,560	75,560	-
TOTAL OTHER FINANCING SOURCES (USES)	94,047	137,366	52,360	(85,006)
Net change in fund balance	(556,439)	3,988,891	7,324,206	3,335,315
Prior year encumbrances appropriated	1,101,661	1,101,661	1,101,661	-
FUND BALANCES AT BEGINNING OF YEAR	7,655,381	7,655,381	7,655,381	-
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 8,200,603	\$ 12,745,933	\$ 16,081,248	\$ 3,335,315

See notes to the required supplementary schedule.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2006

NOTE A - BUDGETARY DATA

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

Tax Budget:

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

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

Estimated Resources:

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year do not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2006.

Appropriations:

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

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

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

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

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

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

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

Net change in fund balance (GAAP Basis)	\$ 15,916,445
Adjustments:	
Due to revenues	(5,274,901)
Due to expenditures	(3,354,939)
Due to other financing sources	37,601
Net change in fund balance (Budget Basis)	<u>\$ 7,324,206</u>

OLENTANGY LOCAL SCHOOL DISTRICT

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Olentangy Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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*.

However, we noted certain matters that we reported to management of the District in a separate letter dated January 19, 2007.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
January 19, 2007



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**

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

Compliance

We have audited the compliance of the Olentangy Local School District, Delaware County, Ohio (the 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 District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control over Compliance

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

Board of Education

Olentangy Local School District

Report on Compliance with Requirements Applicable to Each Major Federal Program and

Internal Control Over Compliance in Accordance with OMB Circular A-133 and

Schedule of Receipts and Expenditures of Federal Awards

Page 2

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates

January 19, 2007

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

Federal grantor/Pass through grantor/Program title	Federal CFDA Number	Agency or pass through number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Pass-through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550		\$ -	\$ 304,387	\$ -	\$ 323,092
School Breakfast Program	10.553	046763-05PU	5,201	-	5,201	-
National School Lunch Program	10.555	046763-LLP4	354,494	-	354,494	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>359,695</u>	<u>304,387</u>	<u>359,695</u>	<u>323,092</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Pass-through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education--Grants to States--Title VI-B	84.027	046763-6BSF	1,622,529	-	1,638,180	-
Special Education--Preschool Grants	84.173	046763-PGS1	35,255	-	29,659	-
Total - Special Education Cluster			<u>1,657,784</u>	<u>-</u>	<u>1,667,839</u>	<u>-</u>
Title I Grants to Local Education Agencies	84.010	046763-C1S1	280,691	-	293,841	-
Innovative Education Program Strategy	84.298	046763-C2S1	29,961	-	40,613	-
Title II-D -- Technology Fund	84.318	046763-TJS1	8,129	-	8,338	-
Title III	84.365	046763-T3S2	68,816	-	61,095	-
Title II-A -- Improving Teacher Quality	84.367	046763-TRS1	152,301	-	174,764	-
Total U.S. Department of Education			<u>2,197,682</u>	<u>-</u>	<u>2,246,490</u>	<u>-</u>
Total Receipts and Expenditures of Federal Awards			<u>\$ 2,557,377</u>	<u>\$ 304,387</u>	<u>\$ 2,606,185</u>	<u>\$ 323,092</u>

See accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

June 30, 2006

(1) General

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the Olentangy Local School District (District) as the primary government. The District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule is presented on a cash basis of accounting in which revenues are recognized when received and expenses are recognized when paid.

(3) Noncash Programs

The District values its noncash programs (National School Lunch Program) on the basis of the value of the goods received during the fiscal year.

(4) Revenue

The revenue balances are reported net of refunds to the governmental agency.

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

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

JUNE 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Part B-IDEA CFDA # 84.027, Preschool Grants CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Comprehensive Annual Financial Report

OLENTANGY | LOCAL SCHOOL DISTRICT
Our mission is to facilitate maximum learning for every student

Olentangy Local School District

Lewis Center, Ohio

For the Fiscal Year Ended June 30, 2006

Olentangy Local School District

Lewis Center, Ohio

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2006

Issued by:

Office of the Treasurer

**Rebecca A. Jenkins
*Treasurer***

OLENTANGY LOCAL SCHOOL DISTRICT

INTRODUCTORY SECTION



OLENTANGY LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2006

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OLENTANGY LOCAL SCHOOL DISTRICT

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**OLENTANGY LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for fiscal year ended June 30, 2006**

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

Adopted June 27, 2000

OLENTANGY | LOCAL SCHOOLS



OFFICE OF THE TREASURER

814 Shanahan Road, Suite 100

Lewis Center, OH 43035

December 21, 2006

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

On behalf of the Olentangy Local School District (the District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2006. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This CAFR is presented in three sections:

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

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

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

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

Reporting Entity

The District, one of 612 public school districts in the State of Ohio and four in the County of Delaware, provides education to approximately 11,900 students in grades K through 12 as of October 2006. It is located in Delaware and Franklin Counties in Central Ohio, and approximately fifteen miles north of the City of Columbus. The District was created by the consolidation in 1952 of the Liberty, Hyatt, Orange and Berlin Township schools to form the Olentangy Local School District. Less than one square mile of the District's area is located in Franklin County. The School District's total area is approximately 110 square miles

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

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

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

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

Organization of the School District

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

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

Economic Outlook

The District is considered a high wealth district. The valuation per pupil for fiscal year 2006 was \$256,385 compared to the State average of \$126,154. A comparison of the median Ohio adjusted gross income shows that Olentangy was approximately \$33,500 higher than the state average in tax year 2002. The District's 2005-06 expenditure per pupil was \$8,214, compared to the state average of \$9,052.

The District is located in a high growth area. The revenue raised by 1 mill is approximately \$2.76 million compared to the state average of \$376 thousand. The valuation increase for the 5-year period ended December 2005 was over 68%.

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

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

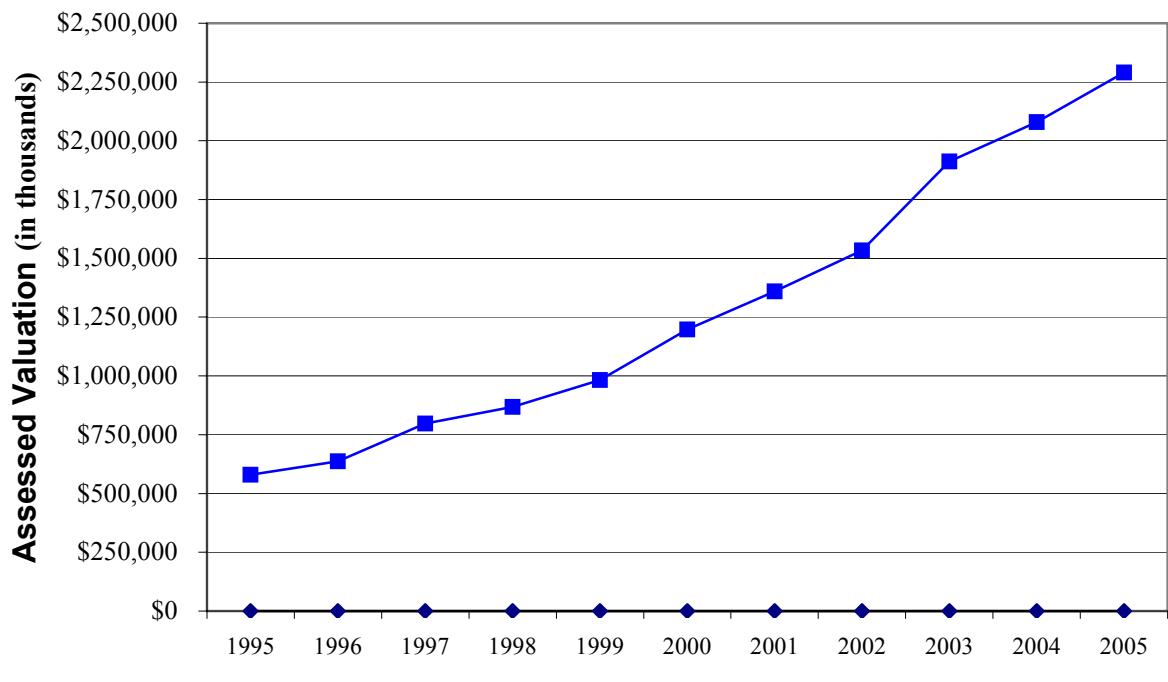
Additionally, several stand alone stores and retail centers are in the process of being constructed. In mid 2004, a 60,000 square foot retail center anchored by a fitness center opened in the corridor and in 2005 a \$16 million 18-screen cinema development that includes shopping and dining opened. Also,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

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

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

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

HISTORIC GROWTH IN ASSESSED VALUATION



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

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

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

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

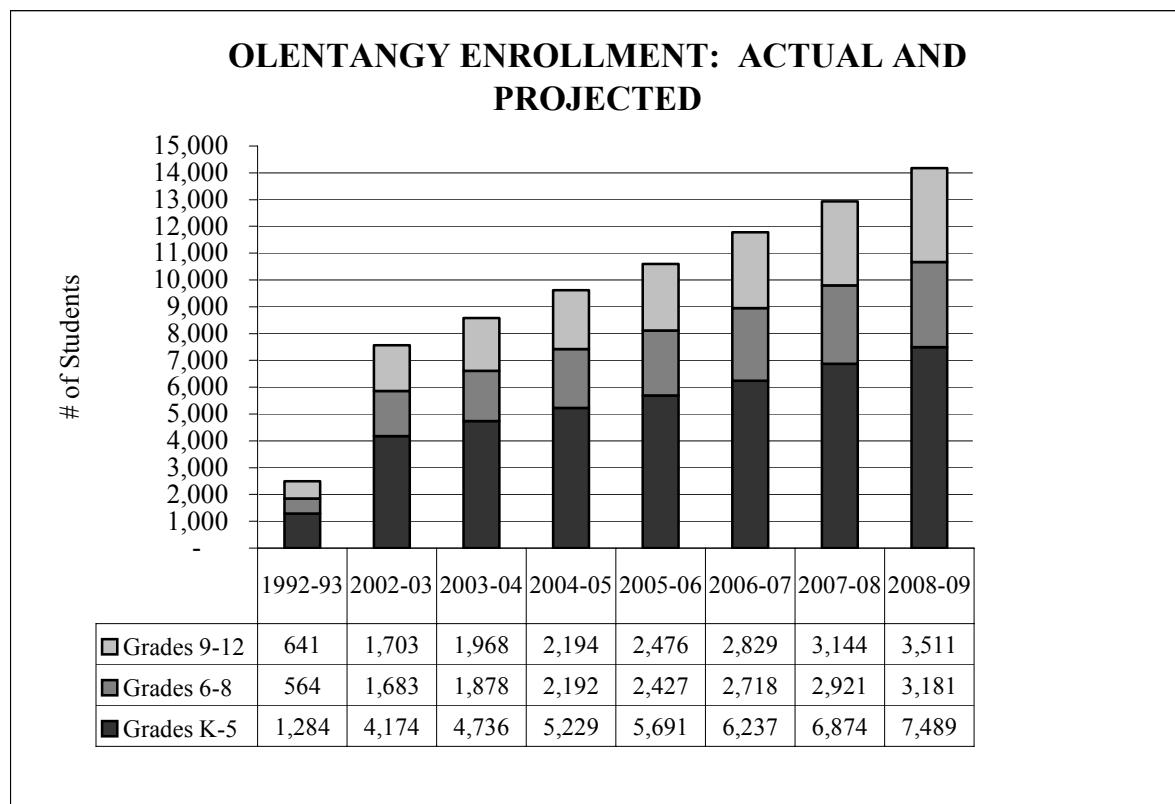
In October 2005, the Board entered into a two-year agreement effective July 1, 2005 to June 30, 2007 with the Olentangy Teachers Association (OTA). These negotiations established the wage and benefit levels for the District's certificated employees.

In 2002, the Board entered into a two-year agreement effective July 1, 2005 to June 30, 2007 with the Ohio Association of Public School Employees (OAPSE) and AFSCME AFL-CIO Local #322 (transportation drivers).

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

Enrollment Growth

The District's enrollment is the fastest growing in the State of Ohio based on actual numbers in fiscal years 2005 and 2006. The District's enrollment grew by over 1,100 students in 2006 and 2005. Enrollment for school year 1987-88 was 1,618 while enrollment for the 2005-06 school year was approximately 1,100. During the last five years the District has experienced enrollment growth ranging from 11% to 14%. The enrollment projections, as well as development projections, indicate that the growth will continue well into this century. Student enrollment projections for the year 2008-09 indicate an enrollment of approximately 14,200 and 24,605 by 2016-17.



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

Building Facilities

The District is fortunate in that we have been able to keep pace with the district's rapidly growing student enrollment. Since 1989 the District has grown from utilizing only the Shanahan building to a total of fourteen school buildings in the 2005-06 school year (two additional elementary schools and one middle school building will be added in 06-07).

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

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

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

Oak Creek Elementary (FY 2001)	Tyler Run Elementary (FY 2002)
Liberty Middle School (FY 2002)	Bus/Maintenance Compound (FY 2003)
Liberty High School (FY 2004)	Walnut Creek Elementary (FY 2004)
Indian Springs Elementary (FY 2004)	Orange Middle School (FY 2005)
Glen Oak Elementary (FY 2006*)	Olentangy Meadows Elem. (FY 2007*)
Liberty Tree Elementary (FY 2008*)	Hyatts Middle School (FY 2008*)
Johnnycakes Corners Elementary (FY 2008*)	Orange High School (FY 2009*)
12 th Elementary School (FY 2009*)	

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

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

Educational Program

As of October 2006, 11,961 students were enrolled in the Olentangy Local School District. In the 2005-06 academic year, Olentangy had nine elementary schools, three middle schools and two high schools.

In the 2005-06 academic year, Olentangy remained the fastest growing school district in Ohio with an increase of 1,000 new students from the previous academic year. Current enrollment projections show that Olentangy will continue with similar student increases.

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

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

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

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

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

Major Initiatives in Education:

In 2000, the District developed a Continuous Improvement Plan (CIP). The Board adopted this plan for the school year beginning July 1, 2000. The CIP was developed with the following vision (revised in 2003 & 2006):

Vision of the District

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

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

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

Respectful, Caring & Safe Environment

Long-Range Goals:

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

Research-Based, Student-Focused Instruction

Long-Range Goals:

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

Information-Driven Decision-Making

Long-Range Goals:

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

Focused & Challenging Curriculum

Long-Range Goals:

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

Collaboration Focused on Improving Student Learning

Long-Range Goals:

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

An Active Partnership with Parents & Community

Long-Range Goals:

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

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

CIP initiatives:

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

New initiatives

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

Completion of initiatives/goals in progress

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

Ongoing initiatives

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

The following represents the initiatives for the 2006-2007 school year based on staff and CIP community committee survey data and input from administrators in May.

- 1. Use a late start model to provide dedicated time for the implementation of the following grade specific priorities:**
 - ELEMENTARY: Develop and analyze district map indicators and related assessments linked to the district's new elementary report card.
 - MIDDLE SCHOOL: Conduct a comprehensive study of middle school program and structure involving teaching, administrative staff, and parents and including a review of comparison districts, student data and research, with emphasis on improving student achievement.
 - HIGH SCHOOL: Implement building level Continuous Improvement Plans.
- RATIONALE:** Effective implementation of these specific priorities requires constant and consistent monitoring and adjustment. The district and school buildings have clearly defined plans about what needs to be accomplished but we must have time to critically review and to accelerate progress toward facilitating maximum learning for every student.
- 2. Provide professional development focused on the acquisition and improvement of skills and competencies necessary to implement the district Mission, Vision, and Long Range Goals of the Continuous Improvement Plan.**
 - Strategies for fostering a positive learning environment (Long Range Goal #1)
 - Differentiated Instruction (Tomlinson)
 - Asset Development (Starkman, et. al)
 - Research-based instructional strategies (Long Range Goal #4)
 - Results (Schmoker)
 - Classroom Instruction That Works (Marzano, et. al)

- Curriculum map content and implementation (Long Range Goal #12)
 - Understanding by Design (Wiggins/McTighe)
 - Schoolnet Align system (district developed)
 - Advanced Placement curriculum (College Board)
- Teaming and collaboration (Long Range Goal #14)
 - The Adaptive Schools framework (Garmston/Wellman)
 - Professional Learning Communities model (DuFour/Eaker)

RATIONALE: We need to go beyond what we already know and are doing and to further develop the skills and competencies to accomplish the performance benchmarks. The improvement of these five competencies is critical to facilitating maximum learning for every student.

3. Evaluate district programs in order to provide effective and efficient services which further increase student achievement.

- Identify how time is used to meet the needs of students
- Examine roles and organization of work

RATIONALE: The district must continually reassess its needs and modify organizational roles in order to facilitate maximum learning for every student.

Internal Control

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

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

The concept of reasonable assurance recognizes that:

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

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

Budgetary Controls

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

budgetary information at the function level in the basic financial statements and at the fund level in the individual fund statements.

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

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

Financial Condition

This is the second year that the District has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB Statement No. 34 created new basic financial statements for reporting on the Districts' financial activities as follows:

- **Government-wide financial statements** – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses.
- **Fund financial statements** – These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.
- **Statement of budgetary comparisons** – These statements present comparisons of actual information to the legally adopted budget for the general fund. The budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. The discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the Districts' finances of 2005-06.

Cash Management

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

Risk Management

The District is part of a statewide plan for workers' compensation insurance coverage. Additionally, the District carries all-risk property insurance, liability and excess liability

insurance, as well as officers' liability insurance. The District provides medical, dental, vision and life coverage for its employees on a consortium insurance basis. The District pays into the Champaign, Delaware, Marion and Union Counties (CDMU) consortium at various rates based on the coverage selected by the employee. Claims are reviewed by a claims administrator and then paid by the consortium.

Independent Auditors

The financial statements of the District for the year ended June 30, 2006, were audited by the independent public accounting firm of Kennedy, Cottrell & Associates, whose unqualified opinion thereon is included at the beginning of the Financial Section of this report.

Certificate of Achievement Program

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Olentangy Local School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,

Dr. Scott Davis, Superintendent

Rebecca A. Jenkins, Treasurer

OLENTANGY LOCAL SCHOOL DISTRICT

Olentangy Local School District
Elected Officials and Appointed Officials
as of June 30, 2006

BOARD OF EDUCATION MEMBERS

Dimon McFerson, President

(expires 12/31/06)

Teri Meider, Vice President

(expires 12/31/06)

James Fedako

(expires 12/31/07)

Barry Jamieson

(expires 12/31/07)

M. Brad Reynolds

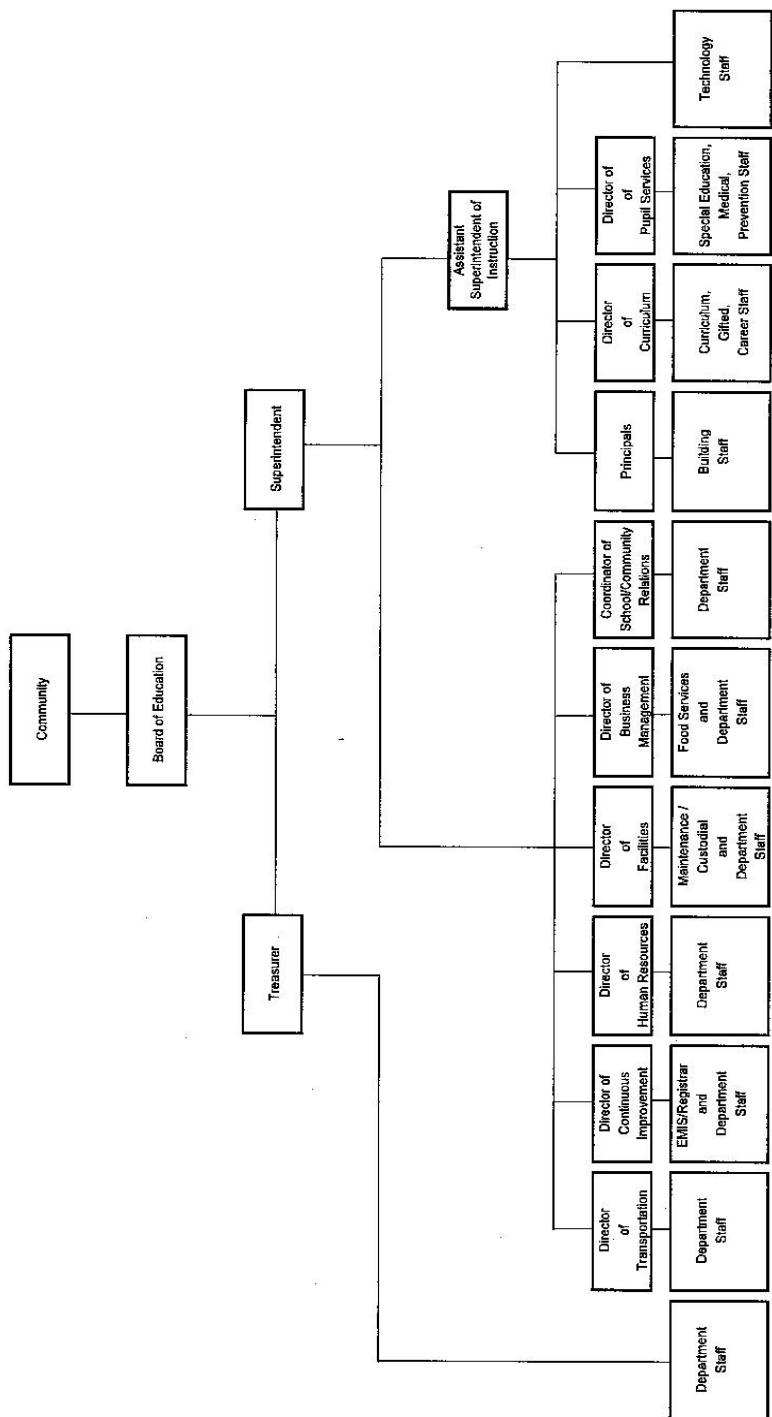
(expires 12/31/07)

APPOINTED OFFICIALS

Dr. Scott Davis, Superintendent

Rebecca A. Jenkins, Treasurer

**Orientangy Local Schools
Organizational Chart**



[Second Adoption date: November 30, 2004]
 [Adoption date: August 24, 2004]

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Olentangy Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 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. Ferguson
President

Jeffrey L. Esser
Executive Director

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Olentangy Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Independent Auditor's Report
Page 2

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund statements and budgetary comparison schedules, and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual non-major fund statements and budgetary comparison schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly presented in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
January 19, 2007

Olentangy Local School District

Management's Discussion & Analysis

For the Fiscal Year Ended June 30, 2006

As management of the Olentangy Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

The District's net assets are \$49,251,981 as of June 30, 2006 according to the Statement of Net Assets. This represents an increase of \$22,440,446 or 83.7% as compared to last year. (See the Government-wide Financial analysis below regarding this increase).

The current five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through June 2008. The District passed an operating levy in calendar 2004 (with collections beginning in calendar year 2005) which will increase revenues by an estimated \$63,000,000 over three fiscal years (started in 2005).

The General Fund reported a fund balance of \$25,418,002.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

Fiduciary Funds

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$49,251,981 according to the Statement of Net Assets at the close of the most recent fiscal year.

A portion of the District's net assets (\$17,830,931) represents resources subject to external restrictions on how they may be used.

Another portion of the District's net assets (\$8,903,145) reflects its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's unrestricted net assets are \$22,517,905 at June 30, 2006 as compared to \$7,139,165 at June 30, 2005. This increase is primarily related to the full years worth of collections of the 10.5 mill-operating levy discussed earlier. The 10.5 mill operating levy increased tax rates by 34%. A comparative analysis of fiscal year 2006 to 2005 follows from the Statements of Net Assets:

	<u>Governmental Activities</u>	
	2005	
	<u>2006</u>	(As restated)
Current assets	\$ 243,654,771	\$ 163,818,772
Capital assets	<u>226,134,928</u>	<u>205,374,905</u>
Total assets	<u>469,789,699</u>	<u>369,193,677</u>
Current liabilities	81,373,396	73,588,933
Long-term liabilities	<u>339,164,322</u>	<u>268,793,209</u>
Total liabilities	<u>420,537,718</u>	<u>342,382,142</u>
Net Assets:		
Invested in capital, net of debt	8,903,145	7,111,482
Restricted	17,830,931	12,560,888
Unrestricted	<u>22,517,905</u>	<u>7,139,165</u>
Total net assets	<u>\$ 49,251,981</u>	<u>\$ 26,811,535</u>

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

	<u>Governmental Activities</u>	
	2006	2005
Program revenues:		
Charges for services	\$ 5,367,946	\$ 4,562,598
Federal grants	2,850,828	2,279,002
State grants	1,487,160	824,717
Capital contributions	-	4,651,152
General revenues:		
Property taxes	105,721,238	93,295,674
State entitlements	15,394,492	15,471,497
Investment earnings	5,125,075	1,783,425
Miscellaneous	<u>394,239</u>	<u>655,565</u>
Total revenues	<u>136,340,978</u>	<u>123,523,630</u>
Program expenses:		
Instructional	57,227,408	52,647,658
Support services	38,696,883	35,593,245
Co-curricular student activities	2,801,661	2,847,202
Community services	371,161	468,977
Interest on long-term debt	<u>14,803,419</u>	<u>11,675,021</u>
Total expenses	<u>113,900,532</u>	<u>103,232,103</u>
Increase in net assets	<u>\$ 22,440,446</u>	<u>\$ 20,291,527</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$22,440,446. This increase is primarily attributed to the aforementioned increase in property tax revenues. The expenditure increase over the prior year is primarily due to adding staff as well as, increases as a result of normal pay raises and increased health insurance premiums associated with existing staff. The District is one of the fastest growing school district in the state of Ohio, as well as, one of the fastest growing districts in the nation. The District's enrollment increased by over 1,100 students in fiscal year 2006.

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

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

<u>Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Service</u>
	<u>2006</u>	<u>2006</u>
Instructional services	\$ 57,227,408	56,233,935
Support services	38,696,883	32,389,809
Co-curricular student activities	2,801,661	888,348
Community services	371,161	(120,913)
Interest on long-term debt	<u>14,803,419</u>	<u>14,803,419</u>
Total	<u>\$ 113,900,532</u>	<u>104,194,598</u>

Local property taxes make up 77.5% of total revenues for governmental activities. The net services column reflecting the need for \$104,194,598 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$152,589,750, which represents an increase of \$75,709,328 as compared to last year's total of \$76,880,422 according to the Governmental Funds Balance Sheet. This increase is primarily due to the aforementioned tax levy, as well as the issuance of general obligation bonds for construction activities as described below in the capital asset section of this letter. The schedule below shows the fund balance and the total change in fund balance from June 30, 2005 to 2006.

	Fund Balance at June 30, 2006	Fund Balance at June 30, 2005	Increase (Decrease)
General Fund	\$ 25,418,002	\$ 9,501,557	15,916,445
Debt Service	16,011,210	11,251,458	4,759,752
Building Fund	108,811,064	54,486,099	54,324,965
Other Governmental Funds	2,349,474	1,641,308	708,166
Total	<u>\$ 152,589,750</u>	<u>\$ 76,880,422</u>	<u>75,709,328</u>

General Fund

The District's General Fund balance increased primarily because of the increases in property tax revenue in advance of budgeted expenditures. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

Revenues

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Property taxes	\$ 84,726,861	\$ 76,002,014	11.48%
Intergovernmental	14,299,699	13,720,807	4.22%
Investment income	1,545,898	518,460	198.17%
Other revenue	<u>855,586</u>	<u>805,722</u>	6.19%
Total	<u>\$ 101,428,044</u>	<u>\$ 91,047,003</u>	11.40%

Property taxes were expected to increase due to new construction (approximately 9% of valuation) and the first full year of collection of taxes related to the 10.5 mil operating levy. Intergovernmental revenue is up 4.22% as a direct result of the increase in State allocation for basic aid which increased due to enrollment increases. Investment income is up 198.17% from fiscal 2005 due to higher available cash balances throughout the year and somewhat higher rate of return on investments.

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

Expenditures by Function

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Instructional services	\$ 51,937,672	\$ 46,884,382	10.78%
Support services	31,460,670	29,128,829	8.01%
Co-curricular student activities	1,817,223	1,916,838	-5.20%
Community services	704	1,934	-63.60%
Debt service	<u>310,089</u>	<u>226,639</u>	36.82%
Total	<u>\$ 85,526,358</u>	<u>\$ 78,158,622</u>	9.43%

The expenditure increase over the prior year is primarily due to the increase in the number of employees to meet the demand of an additional 1,200 students in fiscal year 2006. In addition, expenses increased due to normal raises and increased health insurance premiums associated with existing staff. Revenues exceeded expenditures in the general fund during the fiscal year resulting in an increase in fund balance of \$15,916,445.

Debt Service Fund

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

Revenues

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Property taxes	\$ 21,205,377	\$ 16,966,660	24.98%
Intergovernmental	1,983,745	1,801,192	10.14%
Other revenue	11,620	2,767	-100.00%
Total	<u>\$ 23,200,742</u>	<u>\$ 18,770,619</u>	23.60%

Property taxes were expected to increase due to new construction (approximately 9% of valuation); as well as the passage of the aforementioned levy.

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

Expenditures by Function

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Support services	\$ 349,959	\$ 243,725	43.59%
Interest repayment	14,419,567	11,469,205	25.72%
Principal repayment	4,768,082	5,740,020	-16.93%
Total	<u>\$ 19,537,608</u>	<u>\$ 17,452,950</u>	11.94%

Expenditures increased 11.94% over the prior year due to 2006 being the first full year of interest and principal payments on bonds issued in 2004. See below for further discussion as it relates to the District's debt activity.

Building Fund

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The increase in fund balance is a result of issuance of general obligation bonds in the amount of \$77,000,000, as discussed below, offset by continuing expenditures for construction projects as follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2006</u>	<u>Committed</u>
Olentangy Meadows Elementary	\$ 9,700,000	7,932,591	1,767,409
Liberty Tree Elementary	9,700,000	98,429	9,601,571
Johnny Cake Elementary	10,500,000	479,557	10,020,443
Shanahan renovations	4,900,000	1,775,704	3,124,296
Orange High School	56,100,000	1,620,258	54,479,742
Hyatts Middle School	18,600,000	13,839,473	4,760,527
Total Capital Projects	<u>\$ 109,500,000</u>	<u>25,746,012</u>	<u>83,753,988</u>

Other Funds

Other governmental funds consist of Special Revenue, and other Capital Projects funds. Fund balance in these funds increased by \$708,166.

General Fund Budget Information

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

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

The original budget revenue estimate was revised compared to the final budget estimate as a result of the District receiving higher tax revenues as well as investment income than expected. The original expenditure budget was decreased as compared to the final expenditure budget primarily as a result of the District being able to hire new staff at pay levels lower than expected, as well as budgeted increases in health insurance premiums being less than expected.

Capital Assets

The District has \$226,134,928 invested in capital assets net of depreciation. The capital asset balance increased by \$20,760,023, net of current year depreciation of \$5,621,116. This increase is primarily attributed to the continued building of schools and related purchase of tangible assets for such schools as discussed in the Building Fund above. Additional detailed information regarding capital asset activity is included in the notes to the basic financial statements on page 34.

Debt

On June 30, 2006, the District had \$331,437,797 in outstanding bonds and note payable as follows:

Amount outstanding at June 30, 2006	\$ 317,307,701
Accumulated accretion on discount debt	11,466,684
Unamortized bond premium, net of accumulated amortization of \$ 663,087	9,897,684
Deferred amount on refunding bonds, net	(3,778,507)
Amount included in the Statement of Net Assets	<u><u>\$ 334,893,562</u></u>

On March 24, 2006 the District issued \$74,230,000 of various purpose bonds and \$43,762,306 refunding bonds consisting of the following:

\$77,000,000 of which \$74,230,000 was issued, was approved by voters on November 8, 2005, for the purpose of acquiring land, constructing, furnishing, and equipping a new high school, a new elementary schools and expanding existing facilities, purchasing school buses, and purchasing related textbooks and equipment.

The \$43,762,306 of refunding bonds were issued for the purpose of refunding various portions of the 1999 bonds, 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$1,096,564 and \$7,105,081 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively. This transaction resulted in an economic gain (present value gain) of \$1,396,021.

Detailed information regarding long-term debt is included in the notes to the basic financial statements on page 35.

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

Restrictions and Other Limitations

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

The first challenge is to ensure resources can be preserved as long as possible. The five-year forecast of the general fund and the 10-year building/construction plan are utilized as tools to manage resources effectively. The voters of the District approved a 10.5 mill-operating levy in March 2004. This District anticipates the revenue generated through this levy will allow the District to keep a positive fund balance through fiscal year 2008. This additional revenue will assist in funding the current operations of the district along with future building operations. The District opened a middle school in fiscal 2005 and an elementary in fiscal 2006. The District anticipates opening two new elementary schools in fiscal 2008 and one every other year in the foreseeable future, as well as another middle school in fiscal 2008 and a third high school in fiscal 2009, to meet the needs of a growing enrollment (i.e. 800 students or more per year).

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

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or request for additional information should be directed to Rebecca A. Jenkins, Treasurer, Olentangy Local School District, 814 Shanahan Road, Suite 100 Lewis Center, Ohio 43035.

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2006

**GOVERNMENTAL
ACTIVITIES**

ASSETS:

Cash and investments	\$ 140,601,943
Receivables	99,966,380
Due from other -	
Governments	395,939
Inventory	283,495
Deferred charges	2,338,614
Prepaid assets	68,400
Capital Assets:	
Land and construction in progress	50,869,654
Other capital assets, net of accumulated depreciation	175,265,274
 TOTAL ASSETS	 <hr/> 469,789,699

LIABILITIES:

Accounts payable	3,930,929
Due to other:	
Governments	3,272,591
Unearned revenue	65,791,625
Accrued liabilities	8,378,251
Long-term Liabilities:	
Due within one year	9,062,075
Due in more than one year	330,102,247
 TOTAL LIABILITIES	 <hr/> 420,537,718

NET ASSETS:

Invested in capital assets, net of related debt	8,903,145
Restricted for:	
Debt Service	15,186,466
Capital Projects	107,196
Special Revenues	2,537,269
Unrestricted	22,517,905
 TOTAL NET ASSETS	 <hr/> \$ 49,251,981

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

				Net (Expense) Revenue and <u>Changes in Net Assets</u>
	Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
	<u>Expenses</u>			
Governmental Activities				
Instructional services:				
Regular	\$ 46,825,283	688,308	64,360	(46,072,615)
Special	9,515,195	-	205,570	(9,309,625)
Vocational	886,930	-	35,235	(851,695)
Support services:				
Operation and maintenance of plant	10,004,841	-	25,750	(9,979,091)
School administration	4,944,790	-	44,137	(4,900,653)
Pupils	5,477,774	-	1,606,274	(3,871,500)
Business operations	2,488,272	-	-	(2,488,272)
Instructional staff	3,537,520	-	241,185	(3,296,335)
Student transportation	6,201,572	-	-	(6,201,572)
Food services	4,026,471	3,661,774	682,954	318,257
Central services	1,661,191	-	45,000	(1,616,191)
General administration	354,452	-	-	(354,452)
Co-curricular student activities	2,801,661	952,609	960,704	(888,348)
Community services	371,161	65,255	426,819	120,913
Interest	<u>14,803,419</u>	<u>-</u>	<u>-</u>	<u>(14,803,419)</u>
Total Governmental Activities	<u>113,900,532</u>	<u>5,367,946</u>	<u>4,337,988</u>	<u>(104,194,598)</u>
 General Revenues:				
Property Taxes				105,721,238
Grants and entitlements not restricted to specific programs				15,394,492
Investment earnings				5,125,075
Miscellaneous				394,239
Total general revenues				<u>126,635,044</u>
Change in Net Assets				22,440,446
Net Assets Beginning of Year, as restated				26,811,535
Net Assets End of Year				<u>\$ 49,251,981</u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS :					
Cash and investments	\$ 17,142,911	9,289,210	111,349,047	2,820,775	140,601,943
Receivables	78,227,844	20,995,000	736,777	6,759	99,966,380
Due from other:					
Governments	-	-	-	395,939	395,939
Funds	130,353	-	-	-	130,353
Inventory	165,267	-	-	118,228	283,495
Prepaid assets	68,400	-	-	-	68,400
TOTAL ASSETS	\$ 95,734,775	30,284,210	112,085,824	3,341,701	241,446,510
LIABILITIES:					
Accounts payable	\$ 549,117	-	3,274,760	107,052	3,930,929
Due to other:					
Governments	2,949,411	135,000	-	188,180	3,272,591
Funds	-	-	-	130,353	130,353
Unearned revenue	53,174,705	14,138,000	-	339,008	67,651,713
Accrued liabilities	6,976,873	-	-	227,634	7,204,507
Notes payable	6,666,667	-	-	-	6,666,667
TOTAL LIABILITIES	70,316,773	14,273,000	3,274,760	992,227	88,856,760
FUND BALANCES:					
Fund balances:					
Reserved for encumbrances	631,002	-	71,995,208	246,911	72,873,121
Reserved for prepaid expenditures	68,400	-	-	-	68,400
Reserved for future appropriations	24,459,000	6,857,000	-	-	31,316,000
Unreserved, reported in:					
General fund	259,600	-	-	-	259,600
Special Revenue funds	-	-	-	2,145,492	2,145,492
Debt Service fund	-	9,154,210	-	-	9,154,210
Capital Projects funds	-	-	36,815,856	(42,929)	36,772,927
TOTAL FUND BALANCES	25,418,002	16,011,210	108,811,064	2,349,474	152,589,750
TOTAL LIABILITIES AND FUND EQUITY	\$ 95,734,775	30,284,210	112,085,824	3,341,701	241,446,510

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
 NET ASSETS OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2006

Total Governmental Fund Balances	\$ 152,589,750
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	226,134,928
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	4,198,702
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable, net	
Bonds payable	(310,641,033)
Unamortized deferred amount on refunding	3,778,506
Unamortized bond premium	(9,897,684)
Accumulated accretion on capital appreciation bonds	<u>(11,466,684)</u>
Bonds payable, net	<u>(328,226,895)</u>
Interest payable	(1,173,746)
Compensated absences	(4,212,316)
Capital lease payable	(58,442)
Net Assets of Governmental Activities	<u><u>\$ 49,251,981</u></u>

OLENTANGY LOCAL SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES--GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2006

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 84,726,861	21,205,377	-	-	105,932,238
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	2,850,828	2,850,828
State:					
Unrestricted Grants-in-aid	14,299,699	1,983,745	-	-	16,283,444
Restricted Grants-in-aid	52,260	-	-	624,783	677,043
Food services	-	-	-	3,661,774	3,661,774
Investment income	1,545,898	-	3,554,963	24,214	5,125,075
Co-curricular activities	-	-	-	952,609	952,609
Tuition fees	489,593	-	-	-	489,593
Other	<u>313,733</u>	<u>11,620</u>	<u>21,411</u>	<u>325,895</u>	<u>672,659</u>
TOTAL REVENUES	101,428,044	23,200,742	3,576,374	8,440,103	136,645,263
EXPENDITURES:					
Current:					
Instructional services:					
Regular	41,838,362	-	550,161	263,782	42,652,305
Special	9,252,806	-	-	334,701	9,587,507
Vocational	846,504	-	-	-	846,504
Continuing	-	-	-	-	-
TOTAL INSTRUCTIONAL SERVICES	51,937,672	-	550,161	598,483	53,086,316
Support services:					
Operation and maintenance of plant	9,704,229	-	-	23,162	9,727,391
School administration	5,045,219	-	-	9,006	5,054,225
Pupils	3,739,912	-	40	1,702,661	5,442,613
Business operations	2,103,007	349,959	15,000	-	2,467,966
Instructional staff	3,081,465	-	62,422	321,961	3,465,848
Student transportation	5,536,773	-	31,835	-	5,568,608
Food services	-	-	-	3,851,125	3,851,125
Central services	1,623,252	-	-	21,000	1,644,252
General administration	354,452	-	-	-	354,452
Facilities	272,361	-	-	-	272,361
TOTAL SUPPORT SERVICES	31,460,670	349,959	109,297	5,928,915	37,848,841
Co-curricular student activities	1,817,223	-	-	813,893	2,631,116
Community services	704	-	-	370,827	371,531
Capital outlay	-	-	25,591,951	19,819	25,611,770
Debt service:					
Principal retirement	74,532	4,768,028	-	-	4,842,560
Interest and fiscal charges	<u>235,557</u>	<u>14,419,567</u>	<u>-</u>	<u>-</u>	<u>14,655,124</u>
TOTAL EXPENDITURES	85,526,358	19,537,554	26,251,409	7,731,937	139,047,258
Excess (deficiency) of revenues over expenditures	15,901,686	3,663,188	(22,675,035)	708,166	(2,401,995)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	14,759	-	-	-	14,759
Proceeds from sale of bonds	-	-	74,230,000	-	74,230,000
Premium on bonds	-	4,335,081	2,770,000	-	7,105,081
Issuance of refunding bonds	-	43,532,307	-	-	43,532,307
Payment to refunded bond escrow agent	-	(46,770,824)	-	-	(46,770,824)
TOTAL OTHER FINANCING SOURCES (USES)	14,759	1,096,564	77,000,000	-	78,111,323
Net change in fund balances	15,916,445	4,759,752	54,324,965	708,166	75,709,328
FUND BALANCES AT BEGINNING OF YEAR	9,501,557	11,251,458	54,486,099	1,641,308	76,880,422
FUND BALANCE AT END OF YEAR	\$ 25,418,002	16,011,210	108,811,064	2,349,474	152,589,750

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net Changes in Fund Balances - Total Governmental Funds \$ 75,709,328

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the current period. 20,760,023

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds. (289,835)

Bond issuance cost associated with new debt issued in fiscal 2006 were reported as
expenditures in governmental funds, whereas bond issuance cost are deferred
and amortized over the life of the bonds in the entity wide statements 1,096,564

Proceeds from the issuance of debt is revenues in the governmental funds but is
an increase in long-term liabilities in the statement of net assets (124,867,388)

Repayment of bond and capital lease principal is an expenditure in governmental fund,
but the repayment reduces long-term liabilities in the statement of net assets
assets and does not result in an expense in the statement of activities:

Payment to escrow agent for refunding	46,770,824
General obligation debt	4,768,028
Capital lease payments	74,532
	51,613,384

In the statement of activities, interest is accrued on outstanding bonds, whereas
in governmental funds, an interest expenditure is recorded when due. (205,098)

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported
as expenditures in governmental funds.

Compensated absences	(336,771)
Accretion on bonds	(977,642)
Amortization, net	
Amortization of deferred amount on refunding	(341,093)
Amortization of bond premium	382,411
Amortization of bond issuance costs	(103,437)
Amortization, net	(62,119)
Change in Net Assets of Governmental Activities	\$ 22,440,446

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	PRIVATE PURPOSE TRUST	AGENCY FUNDS
ASSETS:		
Cash and investments	\$ 20,700	\$ 293,161
TOTAL ASSETS	\$ 20,700	\$ 293,161
LIABILITIES:		
Accounts payable	-	5,463
Due to other		287,698
TOTAL LIABILITIES	-	\$ 293,161
NET ASSETS		
Assets held in trust	\$ 20,700	

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>PRIVATE PURPOSE <u>TRUST</u></u>
ADDITIONS	
Investment Earnings-	
Interest	\$ 312
TOTAL ADDITIONS	<u><u>312</u></u>
DEDUCTIONS	
Contributions-Scholarships	-
TOTAL DEDUCTIONS	<u><u>-</u></u>
Change in net assets	312
NET ASSETS-beginning of the year	20,388
NET ASSETS-end of the year	<u><u>\$ 20,700</u></u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

1. REPORTING ENTITY

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

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

Jointly Governed Organizations

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

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment, to administrative and instructional functions among the member school districts. The governing board of TRECA consist of one representative from each county elected by the majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information for TRECA can be obtained from TRECA administrative offices at: 2222 Marion-MT. Gilead Road, Marion, OHIO 43302.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the District reports the following fund types:

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used.

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

(c) Cash and Investments

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

(d) Inventory

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

(e) Capital Assets and Depreciation

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing

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

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

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

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

(f) Interfund Activity

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

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

(g) Compensated Absences

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

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. When paid, compensated absences for governmental activities are paid from the fund to which the employee's payroll is charged.

(h) Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, these accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance

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

sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term liabilities paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(i) Fund Balance Reserves / Restrictions

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

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

(j) Management Estimates

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

3. CASH AND INVESTMENTS

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

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

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During fiscal year 2006, the District complied with the provisions of these statutes.

Deposits with Financial Institutions:

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

At June 30, 2006, the carrying amount of all District deposits was \$ 12,643,123, exclusive of the \$7,470,516 overnight repurchase agreement included as an investment below. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2006, \$14,147,718 of the District's bank balance of \$14,347,718 was exposed to custodial risk as discussed above, while \$200,000 was covered by Federal Deposit Insurance.

The District had cash on hand in the amount of \$7,050.

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

Investments:

As of June 30, 2006, the District had the following investments and maturities.

Investment type	Fair Value	Investment Maturities					Greater Than 24 months
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months		
FHLB Note	\$ 2,989,313	2,989,313	-	-	-	-	-
FHLB	21,723,981	7,443,335	6,400,887	2,956,569	3,941,586	981,604	-
FHLMC Note	7,885,750	7,885,750	-	-	-	-	-
FHLMC	18,710,220	3,470,893	12,322,474	994,943	1,921,910	-	-
FNMA Note	11,293,869	6,958,293	4,335,576	-	-	-	-
FNMA	15,833,739	-	3,947,458	8,898,690	2,987,591	-	-
FFCB	4,880,920	-	4,880,920	-	-	-	-
Repurchase Agreement	7,470,516	7,470,516	-	-	-	-	-
Star Ohio	<u>37,484,373</u>	<u>37,484,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$128,272,681</u>	<u>73,702,473</u>	<u>31,887,315</u>	<u>12,850,202</u>	<u>8,851,087</u>	<u>981,604</u>	

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

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

Custodial Credit Risk Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy related to custodial credit risk for investments; however, the District minimizes custodial credit risk by utilizing multiple safekeeping agents for its book-entry securities.

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

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the District at June 30, 2006:

Investment type	Fair Value	% to total
FHLB Note	\$ 2,989,313	2.33%
FHLB	21,723,981	16.94%
FHLMC Note	7,885,750	6.15%
FHLMC	18,710,220	14.59%
FNMA Note	11,293,869	8.80%
FNMA	15,833,739	12.34%
FFCB	4,880,920	3.81%
Repurchase Agreement	7,470,516	5.82%
STAROhio	37,484,373	29.22%
	<hr/>	<hr/>
	\$ 128,272,681	100.00%
	<hr/>	<hr/>

4. PROPERTY TAXES

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

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

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

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

Tangible personal property taxes attach as a lien and are levied January 1 of the current year. Tangible personal property assessments are 25% of true value, except assessment on inventory which is 23% of true value. The majority of property tax revenues (in excess of 99%) are collected by the Delaware County Treasurer. The assessed values for collection in 2006, upon which the 2005 levies were based, are as follows:

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

Agricultural/Residential Real Estate	\$2,236,716,990
Commercial/Industrial Real Estate	369,853,120
Public Utility Real Estate	212,480
Public Utility Tangible	79,311,900
General Tangible Property	<u>81,586,254</u>
	<u><u>\$2,767,680,744</u></u>

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

Accrued property taxes receivables represent real property, personal property and public utility taxes which were measurable but not available as of June 30, 2006. However, monies legally available as an advance to the District as of June 30, 2006 are recognized as revenue as they are both measurable and available. The property tax amount recognized as revenue is reflected as a reservation of fund balance (reserve for future appropriations) as the District is prohibited by law from appropriating this amount in accordance with Ohio Revised Code Section 5705.35.

5. RECEIVABLES

Receivables at June 30, 2006, consisted of taxes, interest and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$ 97,388,400
Taxes delinquent	1,815,600
Interest	736,777
Other	<u>25,603</u>
Total receivables	<u><u>\$ 99,966,380</u></u>

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

6. DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2006, consist of the following:

Governmental Activities:

Federal	<u>\$ 395,939</u>
---------	-------------------

7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2006, consist of the following individual fund receivables and payables on the fund basis:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 130,353	
Other Governmental Funds		130,353
Total	<u>\$ 130,353</u>	<u>\$ 130,353</u>

These interfund balances represent advances of amounts necessary to support activities of the respective funds. These advances will be repaid with 2007 receipts.

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

8. CAPITAL ASSETS

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

	Balance June 30, 2005	Additions	Disposals	Transfers	Balance June 30, 2006
Capital Assets used in:					
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 25,123,642	-	(8,087,469)	25,123,642	
Construction in progress	9,583,071	24,250,410	-	25,746,012	
Total nondepreciable capital assets	<u>34,706,713</u>	<u>24,250,410</u>	<u>-</u>	<u>(8,087,469)</u>	<u>50,869,654</u>
Depreciable capital assets:					
Building and improvements	178,323,862	749,148	23,505	8,087,469	187,136,974
Furniture, fixtures and equipment	12,440,338	1,350,748	83,163	-	13,707,923
Buses, autos and trucks	7,957,553	60,614	12,630	-	8,005,537
Total depreciable capital assets	<u>198,721,753</u>	<u>2,160,510</u>	<u>119,298</u>	<u>8,087,469</u>	<u>208,850,434</u>
Accumulated depreciation:					
Building and improvements	21,856,977	3,680,525	16,454	-	25,521,048
Furniture, fixtures and equipment	3,648,623	1,243,333	64,413	-	4,827,543
Buses, autos and trucks	2,547,961	697,830	9,222	-	3,236,569
Total accumulated depreciation	<u>28,053,561</u>	<u>5,621,688</u>	<u>90,089</u>	<u>-</u>	<u>33,585,160</u>
Total depreciable capital assets, net	<u>170,668,192</u>	<u>(3,461,178)</u>	<u>29,209</u>	<u>8,087,469</u>	<u>175,265,274</u>
Total governmental activities capital assets, net	<u>\$ 205,374,905</u>	<u>20,789,232</u>	<u>29,209</u>	<u>-</u>	<u>226,134,928</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 4,192,352
Special	92,631
Support services:	
Operation and maintenance of plant	300,519
School administration	19,424
Pupils	7,439
Business operations	16,659
Instructional staff	9,277
Food services	149,847
Central	20,589
Student transportation	652,415
Co-curricular student activities	156,411
Community services	4,125
Total depreciation	<u>\$ 5,621,688</u>

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

Construction in progress at June 30, 2006 is composed of the following:

	Project Authorization	Expended to June 30, 2006	Committed
Olentangy Meadows Elementary	\$ 9,700,000	7,932,591	1,767,409
Liberty Tree Elementary	9,700,000	98,429	9,601,571
Johnny Cake Elementary	10,500,000	479,557	10,020,443
Shanahan renovations	4,900,000	1,775,704	3,124,296
Orange High School	56,100,000	1,620,258	54,479,742
Hyatts Middle School	<u>18,600,000</u>	<u>13,839,473</u>	<u>4,760,527</u>
Total Capital Projects	<u>\$ 109,500,000</u>	<u>25,746,012</u>	<u>83,753,988</u>

9. GENERAL LONG-TERM OBLIGATIONS

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

As of June 30, 2006, the District had nine general obligation bonds and one tax anticipation note outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. General obligations currently outstanding are:

Purpose	Date Issued	Interest Rate	Final Maturity	Balance at June 30, 2006
Construction of High School	12/01/88	7.75%	12/01/11	\$ 3,780,000
Construction/Improvement of Schools (1)	02/01/95	5.1 -6.25%	12/01/15	5,711,638
Various purpose/refund bonds (2)	06/22/99	3.45 -5.35%	12/01/27	25,594,603
Construction of schools (3)	08/08/00	5.57%	12/01/27	1,322,910
Construction of schools (4)	02/14/02	4.1 -5.5%	12/01/30	28,509,603
School Facilities Construction/Improv. (5)	09/10/02	5.00%	12/01/30	23,205,000
School Facilities Construction/Improv. (6)	06/01/04	4.00%	12/01/24	61,594,994
Refunding Bonds 2004(6)	06/01/04	4.00%	12/01/20	9,085,000
Refunding Bonds 2005(7)	03/24/05	4.25%	12/01/27	34,074,980
Various purpose/refunding bonds 2006(8)	02/01/06	3.2 - 4.2%	12/01/33	117,762,306
Tax Anticipation Note (9)	10/28/04	2.75%	10/28/07	<u>6,666,667</u>
				<u>\$ 317,307,701</u>

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

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

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

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

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

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

The \$9,085,000 of refunding bonds were issued for the purpose of refunding various portions of the 1998 bonds, 2000 bonds 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$715,896 and \$4,237,771 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively.
- 7) On March 24, 2005 the District issued \$34,779,980 of refunding bonds. The refunding bonds were issued for the purpose of refunding various portions of the 1995 bonds, 1997 bonds, 1999 bonds and the 2000 bonds listed above. This transaction resulted in an economic gain (present value cost) of \$1,667,607.

Bond issuance cost and the bond premium of \$368,575 and \$2,847,224 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively.
- 8) On March 24, 2006 the District issued \$74,230,000 of various purpose bonds and \$43,532,307 refunding bonds consisting of the following:

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

\$77,000,000 approved by voters on November 8, 2005, for the purpose of acquiring land, constructing, furnishing, and equipping a new high school, a new elementary schools and expanding existing facilities, purchasing school buses, and purchasing related textbooks and equipment.

The \$43,762,306 of refunding bonds were issued for the purpose of refunding various portions of the 1999 bonds, 2002 bonds and the 2002A bonds listed above. Bond issuance cost and the bond premium of \$1,096,564 and \$7,105,081 respectively has been recorded on the statement of net assets, net of related amortization, as deferred charges and long-term liabilities, respectively. This transaction resulted in a cash flow savings of 1,839,821 and an economic gain (present value gain) of \$1,396,021.

- 9) On October 28, 2004 the District issued \$10,000,000 in tax anticipation notes. These notes will be paid by future tax revenue in equal installments over the next three fiscal years.

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

Amount outstanding at June 30, 2006	\$ 317,307,701
Accumulated accretion on discount debt	11,466,684
Unamortized bond premium, net of accumulated amortization of \$ 663,087	9,897,684
Deferred amount on refunding bonds, net	(3,778,507)
 Amount included in the Statement of Net Assets	 \$ 334,893,562

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

Year ending June 30,	Interest rates	Principal	Interest
2006	3.65 -7.75%	7,136,641	16,423,366
2007	3.65 -7.75%	7,749,185	17,503,814
2008	3.65 -7.75%	3,744,807	18,482,673
2009	3.65 -7.75%	8,272,260	16,860,858
2010	3.65 -7.75%	10,339,507	15,671,944
2011-2015	3.65 -7.75%	70,622,995	67,047,696
2016-2020	3.65 -7.75%	54,427,306	48,439,406
2021-2025	3.65 -7.75%	60,855,000	32,859,944
2026-2030	3.65 -7.75%	68,530,000	16,442,062
2031-2034	3.65 -7.75%	25,630,000	2,222,100
 Total		 \$ 317,307,701	 \$ 251,953,863

Not included in the above amounts as of June 30, 2006 are \$43,775,000 of bonds that the District defeased in March of 2006, \$34,415,000 of bonds that the District defeased in March of 2005, and 2,465,000 of bonds that the District defeased in June of 2004. For

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

accounting purposes, the assets and liabilities for the defeased bonds are not reflected in the District's financial statements.

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

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$244,763,108 and an unvoted debt margin of \$2,767,681. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Delaware County and other taxing entities. As of June 30, 2006, these entities have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value. These debt limitation calculations exclude \$11,466,684 in accretion of deep discount debt in accordance with State Law. Management believes that the District has complied with all bond covenants.

Capital Lease Obligation

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

All the leases relate to the General Fund. The principal and interest payments made on the leases during fiscal 2006 were \$74,532 and \$6,807, respectively.

The District's future minimum lease payments under capital lease obligations as of June 30, 2006 are as follows:

<u>Year ending June 30,</u>	<u>Capital Leases</u>
2007	60,481
Less: amounts representing interest	<u>2,039</u>
Present value of minimum lease payments	<u>\$ 58,442</u>

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

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

	Balance June 30, 2005	Additions /Accretion	Reductions	Balance June 30, 2006	Amounts Due in One Year
Accrued liabilities (accrued vacation and sick leave)	\$ 3,875,545	540,771	204,000	4,212,316	\$ 256,000
Bonds payable, net	253,962,035	126,186,123	51,921,263	328,226,895	5,414,300
Tax anticipation note	10,000,000	-	3,333,333	6,666,667	3,333,333
Capital lease obligations	132,974	-	74,532	58,442	58,442
	<hr/> <u>\$ 267,970,554</u>	<hr/> <u>126,726,894</u>	<hr/> <u>55,533,128</u>	<hr/> <u>339,164,320</u>	<hr/> <u>\$ 9,062,075</u>

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

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracts with third-party insurance company for property insurance (including boiler and machinery) and general liability insurance and vehicle insurance.

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

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

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

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$5,677,000, \$5,286,000, and \$4,298,000, respectively; equal to 100% of the required contribution each year.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,894,000, \$1,652,000, and \$1,334,000, respectively, equal to 100% of the required contribution for each year.

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

C. Social Security System

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

12. Postemployment Benefits Other than Pension Benefits

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

All STRS Ohio retirees who participated in the DB or combined Plan and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$405,500 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal

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

year the School District paid \$462,677 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,100 participants eligible to receive health care benefits.

13. CONTINGENCIES

(a) *Grants*

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

(b) *Litigation*

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

(c) *State School Funding Decision*

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

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

14. SET-ASIDES

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

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

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

	Textbook Reserve	Maintenance Reserve	Capital
Balance, July 1, 2005	\$ -	-	-
Required Set-Aside	1,369,218	1,369,218	
Qualifying Expenditures	(2,030,070)	(2,014,594)	
Total	(660,852)	(645,376)	
Balance, June 30, 2006	\$ -	-	

15. FUND DEFICITS / ACCOUNTABILITY

The following funds had GAAP basis deficit fund balances at June 30, 2006:

Special Revenue Funds:	Deficit Fund Balances
Title I	\$ 50,139
Safe & Drug Free Schools	\$ 27,277
Preschool Grant	\$ 192
Title II A	\$ 28,467
Other Federal	\$ 983

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

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

16. RESTATEMENT

The beginning net assets of the governmental type activities has been restated to properly reflect beginning accumulated accretion on deep discount debt. The adjustments had the following effect on net assets as previously reported:

Governmental Activities	
Net Assets June 30, 2005	\$30,267,118
Adjustment for accumulated accretion	(3,455,583)
Restated Net Assets June 30, 2005	<u><u>\$26,811,535</u></u>

17. SUBSEQUENT EVENT – Bond Refunding

On November 9, 2006, the District sold \$89,949,954 of refunding obligation bonds with a final maturity of December 1, 2032. These bonds refunded \$6,725,000 of the District's various purpose bonds series 1999, dated June 22, 1999, \$14,670,000 various purpose bonds series 2002, dated February 14, 2002, \$7,230,000 of the District's School Facilities Construction and Improvement Bonds, Series 2002A, dated September 10, 2002, and \$61,340,000 of the District's School Facilities Construction and Improvement Bonds, Series 2004A, dated June 2, 2004. The refunding resulted in a premium of \$4,715,470, with related issuance costs of \$834,442. The transaction resulted in an economic gain of \$3,101,128 (present value) and a reduction of \$3,917,924 in future debt service payments.

OLENTANGY LOCAL SCHOOL DISTRICT

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REQUIRED SUPPLEMENTARY INFORMATION

OLENTANGY LOCAL SCHOOL DISTRICT

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**OLENTANGY LOCAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	75,282,705	78,146,572	\$ 78,146,572	-
Investment income	500,000	1,545,898	1,545,898	-
Tuition fees	538,000	459,141	459,141	-
Miscellaneous	1,568,866	1,649,573	1,649,573	-
State sources	14,951,000	14,351,959	14,351,959	-
TOTAL REVENUES	92,840,571	96,153,143	96,153,143	-
EXPENDITURES:				
Instructional services:				
Regular	42,705,410	42,398,524	41,521,929	876,595
Special	9,896,606	9,802,816	9,081,516	721,300
Vocational	759,390	749,632	833,842	(84,210)
Continuing	400,000	-	-	-
TOTAL INSTRUCTIONAL SERVICES	53,761,406	52,950,972	51,437,287	1,513,685
Support services:				
Pupils	3,943,479	3,915,211	3,694,553	220,658
Instructional staff	3,412,263	3,380,511	3,036,985	343,526
Board of Education	462,675	440,951	382,801	58,150
School administration	5,322,652	5,267,140	5,008,957	258,183
Fiscal services	2,041,190	2,031,030	1,965,751	65,279
Business operations	218,333	229,290	206,173	23,117
Operation and maintenance of plant	10,550,132	10,441,194	10,031,366	409,828
Student transportation	5,934,116	5,764,151	5,758,269	5,882
Central services	1,893,374	1,919,440	1,717,755	201,685
TOTAL SUPPORT SERVICES	33,778,214	33,388,918	31,802,610	1,586,308
Community recreation services	2,000	2,000	500	1,500
Co-curricular activities	2,067,801	2,060,241	1,806,763	253,478
Site improvement	318,498	315,978	271,648	44,330
Repayment of debt	3,562,083	3,562,083	3,562,083	-
Other	1,055	21,426	406	21,020
TOTAL EXPENDITURES	93,491,057	92,301,618	88,881,297	3,420,321
Excess (deficiency) of revenues over expenditures	(650,486)	3,851,525	7,271,846	3,420,321
OTHER FINANCING SOURCES (USES):				
Advances in	57,047	57,047	57,047	-
Advances out	(10,000)	(10,000)	(95,006)	(85,006)
Sale of fixed assets	5,000	14,759	14,759	-
Refund of prior year expenditures (receipts)	42,000	75,560	75,560	-
TOTAL OTHER FINANCING SOURCES (USES)	94,047	137,366	52,360	(85,006)
Net change in fund balance	(556,439)	3,988,891	7,324,206	3,335,315
Prior year encumbrances appropriated	1,101,661	1,101,661	1,101,661	-
FUND BALANCES AT BEGINNING OF YEAR	7,655,381	7,655,381	7,655,381	-
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 8,200,603	\$ 12,745,933	\$ 16,081,248	\$ 3,335,315

See notes to the required supplementary schedule.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2006

NOTE A - BUDGETARY DATA

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

Tax Budget:

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

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

Estimated Resources:

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year do not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2006.

Appropriations:

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

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

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

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

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

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

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

Net change in fund balance (GAAP Basis)	\$ 15,916,445
Adjustments:	
Due to revenues	(5,274,901)
Due to expenditures	(3,354,939)
Due to other financing sources	37,601
Net change in fund balance (Budget Basis)	<u>\$ 7,324,206</u>

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT

MAJOR GOVERNMENTAL FUNDS

General Fund

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

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

Debt Service Fund

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

Building Fund

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

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	<u>Revised Budget</u>	<u>Actual</u>	Variance with Revised Budget
DEBT SERVICE FUND			
Debt Service Fund			
Total Revenues and Other Sources	\$ 20,586,751	20,586,751	0
Total Expenditures and Other Uses	18,377,975	18,384,820	(6,845)
Net Change in Fund Balance	2,208,776	2,201,931	6,845
Fund Balance, July 1	7,087,280	7,087,280	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 9,296,056</u>	<u>9,289,211</u>	<u>6,845</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	<u>Revised Budget</u>	<u>Actual</u>	Variance with Revised Budget
CAPITAL PROJECT FUND			
Building Fund			
Total Revenues and Other Sources	\$ 145,371,025	80,250,241	(65,120,784)
Total Expenditures and Other Uses	125,774,285	99,356,607	26,417,678
Net Change in Fund Balance	19,596,740	(19,106,366)	(38,703,106)
Fund Balance, July 1	52,230,260	52,230,260	-
Prior Year Encumbrances Appropriated	3,415,104	3,415,104	-
Fund Balance, June 30	<u>\$ 75,242,104</u>	<u>36,538,998</u>	<u>(38,703,106)</u>

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

District-Managed Student Activities - A fund provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, and other similar types of activities.

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

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

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

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

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

Capital Projects Funds

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

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

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

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OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

SPECIAL REVENUE FUNDS				
	PUBLIC SCHOOL SUPPORT	GRANTS - LOCAL SOURCES	DISTRICT MANAGED STUDENT ACTIVITIES	OTHER LOCAL SOURCES
ASSETS:				
Cash and investments	\$ 176,023	201,400	227,514	146,869
Receivables	1,992	-	414	3,635
Inventory	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 178,015	201,400	227,928	150,504
LIABILITIES:				
Accounts payable	\$ 4,814	1,725	6,532	15,883
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	4,814	1,725	6,532	15,883
EQUITY AND OTHER CREDITS:				
Fund balance:				
Reserve for encumbrances	15,109	1,960	5,185	-
Unreserved	158,092	197,715	216,211	134,621
Total fund balance	173,201	199,675	221,396	134,621
TOTAL LIABILITIES AND FUND BALANCE	\$ 178,015	201,400	227,928	150,504

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

AUXILIARY SERVICE	EMIS GRANTS	ONENET NETWORK CONNECTIVITY	SCHOOL NET PROFESSIONAL DEVELOPMENT
223,098	35,408	24,000	2,390
-	-	-	-
-	-	-	-
-	-	-	-
223,098	35,408	24,000	2,390
<hr/>			
2,146	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,146	-	-	-
<hr/>			
43,449	-	-	-
177,503	35,408	24,000	2,390
220,952	35,408	24,000	2,390
223,098	35,408	24,000	2,390

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

SPECIAL REVENUE FUNDS

	ENTRY YEAR PROGRAMS	OHIO READS GRANT	SUMMER INTERVENTION GRANT	OTHER STATE GRANTS
ASSETS:				
Cash and investments	\$ 39,200	-	-	2,588
Receivables	-	-	-	-
Inventory	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 39,200	-	-	2,588
LIABILITIES:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
EQUITY AND OTHER CREDITS:				
FUND BALANCE:				
Reserve for encumbrances	-	-	-	6,150
Unreserved	39,200	-	-	(3,562)
Total fund balance	39,200	-	-	2,588
TOTAL LIABILITIES AND FUND BALANCE	\$ 39,200	-	-	2,588

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

TITLE VIB GRANTS	TITLE I GRANTS	TITLE V GRANTS	TITLE III LIMITED ENGLISH	SAFE AND DRUG-FREE SCHOOLS	EDUCATION OF THE HANDICAPPED PRESCHOOL GRANTS
87,880	8,780	-	8,692	-	3,846
-	-	-	-	-	-
-	-	-	-	-	-
-	129,524	31,504	-	27,317	-
87,880	138,304	31,504	8,692	27,317	3,846
<hr/>					
38,656	836	358	5,909	1,062	3,589
-	7,126	-	-	-	-
-	29,202	9,131	1,724	26,215	449
-	129,524	31,504	-	27,317	-
-	21,755	-	-	-	-
38,656	188,443	40,993	7,633	54,594	4,038
<hr/>					
49,393	7,943	1,505	1,508	-	256
(169)	(58,082)	(10,994)	(449)	(27,277)	(448)
49,224	(50,139)	(9,489)	1,059	(27,277)	(192)
87,880	138,304	31,504	8,692	27,317	3,846

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

SPECIAL REVENUE FUNDS				
	E-RATE GRANT	TITLE II-A	OTHER FEDERAL GRANTS	FOOD SERVICE
ASSETS:				
Cash and investments	\$ 126,572	27,167	233	1,468,041
Receivables	-	-	-	718
Inventory	-	-	-	118,228
Due from other governments	-	104,046	5,249	98,299
TOTAL ASSETS	\$ 126,572	131,213	5,482	1,685,286
LIABILITIES:				
Accounts payable	\$ 8,268	16,770	-	504
Due to other governments	-	-	-	181,054
Due to other funds	-	62,416	1,216	-
Unearned revenue	-	80,494	5,249	64,920
Accrued liabilities	-	-	-	205,879
TOTAL LIABILITIES	8,268	159,680	6,465	452,357
EQUITY AND OTHER CREDITS:				
FUND BALANCE:				
Reserve for encumbrances	49,820	10,397	233	-
Unreserved	68,484	(38,864)	(1,216)	1,232,929
Total fund balance	<u>118,304</u>	<u>(28,467)</u>	<u>(983)</u>	<u>1,232,929</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 126,572	131,213	5,482	1,685,286

OLENTANGY LOCAL SCHOOL DISTRICT

TOTAL NONMAJOR SPECIAL REVENUE FUND\$	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR CAPITAL PROJECTS FUND\$	TOTAL NONMAJOR GOVERNMENTAL FUND\$
	PERMANENT IMPROVEMENT FUND	SCHOOL NET FUND		
2,809,701	9,479	1,595	11,074	2,820,775
6,759	-	-	-	6,759
118,228	-	-	-	118,228
395,939	-	-	-	395,939
3,330,627	9,479	1,595	11,074	3,341,701
107,052	-	-	-	107,052
188,180	-	-	-	188,180
130,353	-	-	-	130,353
339,008	-	-	-	339,008
227,634	-	-	-	227,634
992,227	-	-	-	992,227
192,908	578	53,425	54,003	246,911
2,145,492	8,901	(51,830)	(42,929)	2,102,563
2,338,400	9,479	1,595	11,074	2,349,474
3,330,627	9,479	1,595	11,074	3,341,701

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

SPECIAL REVENUE FUNDS				
	PUBLIC SCHOOL SUPPORT	GRANTS - LOCAL SOURCES	DISTRICT-MANAGED STUDENT ACTIVITIES	OTHER LOCAL SOURCES
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	-	-	-
State restricted grants-in-aid	-	26,878	-	-
Food Service	-	-	-	-
Investment Income	-	-	-	-
Co-curricular activities	-	-	359,592	593,017
Other	198,715	60	65,255	-
TOTAL REVENUES	198,715	26,938	424,847	593,017
EXPENDITURES:				
Current:				
Instructional services:				
Regular	181,970	19,808	-	-
Special	-	-	-	-
Total Instructional Services	181,970	19,808	-	-
Support services:				
Operation and maintenance	-	-	-	-
School administration	-	-	-	-
Pupils	-	-	-	-
Instructional Staff	-	728	-	-
Food Service	-	-	-	-
Central services	-	-	-	-
Total Support Services	-	728	-	-
Co-curricular student activities	-	9,577	217,673	586,643
Community services	-	1,686	158,679	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	181,970	31,799	376,352	586,643
Excess (deficiency) of revenues over expenditures	16,745	(4,861)	48,495	6,374
FUND BALANCE AT BEGINNING OF YEAR	156,456	204,536	172,901	128,247
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 173,201	199,675	221,396	134,621

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

AUXILIARY SERVICE	EMIS GRANTS	ONENET NETWORK CONNECTIVITY	SCHOOL NET PROFESSIONAL DEVELOPMENT
-	-	-	-
425,394	35,408	45,000	6,300
-	-	-	-
2,880	-	-	-
-	-	-	-
-	-	-	-
428,274	35,408	45,000	6,300
-	-	-	6,070
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	21,000	-
-	-	21,000	-
-	-	-	-
207,322	-	-	-
-	-	-	-
207,322	-	21,000	6,070
220,952	35,408	24,000	230
-	-	-	2,160
220,952	35,408	24,000	2,390

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, Continued
YEAR ENDED JUNE 30, 2006**

SPECIAL REVENUE FUNDS				
	ENTRY YEAR PROGRAMS	OHIO READS GRANT	SUMMER INTERVENTION GRANT	OTHER STATE GRANTS
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	-	-	-
State restricted grants-in-aid	39,200	14,000	-	25,750
Food Service	-	-	-	-
Investment Income	-	-	-	-
Co-curricular activities	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	39,200	14,000	-	25,750
EXPENDITURES:				
Current:				
Instructional services:				
Regular	-	16,000	12,617	-
Special	-	-	-	-
Total Instructional Services	-	16,000	12,617	-
Support services:				
Operation and maintenance	-	-	-	23,162
School administration	-	-	-	-
Pupils	-	-	-	-
Instructional Staff	-	-	-	-
Food Service	-	-	-	-
Central services	-	-	-	-
Total Support Services	-	-	-	23,162
Co-curricular student activities	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	16,000	12,617	23,162
Excess (deficiency) of revenues over expenditures	39,200	(2,000)	(12,617)	2,588
FUND BALANCE AT BEGINNING OF YEAR	-	2,000	12,617	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 39,200	-	-	2,588

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

TITLE VIB GRANTS	TITLE I GRANTS	TITLE V GRANTS	TITLE III LIMITED ENGLISH	SAFE AND DRUG-FREE SCHOOLS	EDUCATION OF THE HANDICAPPED PRESCHOOL GRANTS
1,622,529	234,184	29,961	68,816	-	35,255
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,622,529</u>	<u>234,184</u>	<u>29,961</u>	<u>68,816</u>	<u>-</u>	<u>35,255</u>
-	-	-	-	27,317	-
50,710	196,991	22,743	62,714	-	1,543
<u>50,710</u>	<u>196,991</u>	<u>22,743</u>	<u>62,714</u>	<u>27,317</u>	<u>1,543</u>
-	-	-	-	-	-
9,006	-	-	-	-	-
1,614,212	-	-	-	-	31,202
-	101,141	18,025	4,292	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,623,218</u>	<u>101,141</u>	<u>18,025</u>	<u>4,292</u>	<u>-</u>	<u>31,202</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,673,928</u>	<u>298,132</u>	<u>40,768</u>	<u>67,006</u>	<u>27,317</u>	<u>32,745</u>
(51,399)	(63,948)	(10,807)	1,810	(27,317)	2,510
100,623	13,809	1,318	(751)	40	(2,702)
<u>49,224</u>	<u>(50,139)</u>	<u>(9,489)</u>	<u>1,059</u>	<u>(27,277)</u>	<u>(192)</u>

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, Continued
YEAR ENDED JUNE 30, 2006**

SPECIAL REVENUE FUNDS				
	E-RATE GRANT	TITLE II-A	OTHER FEDERAL GRANTS	FOOD SERVICE
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	175,853	8,129	676,101
State restricted grants-in-aid	-	-	-	6,853
Food Service	-	-	-	3,661,774
Investment Income	-	-	-	21,334
Co-curricular activities	-	-	-	-
Other	61,759	-	-	106
TOTAL REVENUES	61,759	175,853	8,129	4,366,168
EXPENDITURES:				
Current:				
Instructional services:				
Regular	-	-	-	-
Special	-	-	-	-
Total Instructional Services	-	-	-	-
Support services:				
Operation and maintenance	-	-	-	-
School administration	-	-	-	-
Pupils	57,247	-	-	-
Instructional Staff	-	187,392	10,383	-
Food Service	-	-	-	3,851,125
Central services	-	-	-	-
Total Support Services	57,247	187,392	10,383	3,851,125
Co-curricular student activities	-	-	-	-
Community services	-	3,140	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	57,247	190,532	10,383	3,851,125
Excess (deficiency) of revenues over expenditures	4,512	(14,679)	(2,254)	515,043
FUND BALANCE AT BEGINNING OF YEAR	113,792	(13,788)	1,271	717,886
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 118,304	(28,467)	(983)	1,232,929

OLENTANGY LOCAL SCHOOL DISTRICT

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PERMANENT IMPROVEMENT FUND	SCHOOL NET FUND		
2,850,828	-	-	-	2,850,828
624,783	-	-	-	624,783
3,661,774	-	-	-	3,661,774
24,214	-	-	-	24,214
952,609	-	-	-	952,609
325,895	-	-	-	325,895
<u>8,440,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,440,103</u>
263,782	-	-	-	263,782
334,701	-	-	-	334,701
<u>598,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,483</u>
23,162	-	-	-	23,162
9,006	-	-	-	9,006
1,702,661	-	-	-	1,702,661
321,961	-	-	-	321,961
3,851,125	-	-	-	3,851,125
21,000	-	-	-	21,000
<u>5,928,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,928,915</u>
813,893	-	-	-	813,893
370,827	-	-	-	370,827
-	19,819	-	19,819	19,819
<u>7,712,118</u>	<u>19,819</u>	<u>-</u>	<u>19,819</u>	<u>7,731,937</u>
727,985	(19,819)	-	(19,819)	708,166
1,610,415	29,298	1,595	30,893	1,641,308
<u>2,338,400</u>	<u>9,479</u>	<u>1,595</u>	<u>11,074</u>	<u>2,349,474</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
SPECIAL REVENUE FUNDS			
Public School Support			
Total Revenues and Other Sources	\$ 198,024	198,024	-
Total Expenditures and Other Uses	236,187	201,590	<u>34,597</u>
Net Change in Fund Balance	(38,163)	(3,566)	<u>34,597</u>
Fund Balance, July 1	141,969	141,969	-
Prior Year Encumbrances Appropriated	17,699	17,699	-
Fund Balance, June 30	<u>\$ 121,505</u>	<u>156,102</u>	<u>34,597</u>
Grants-Local Sources			
Total Revenues and Other Sources	\$ 27,938	27,938	-
Total Expenditures and Other Uses	41,499	37,340	<u>4,159</u>
Net Change in Fund Balance	(13,561)	(9,402)	<u>4,159</u>
Fund Balance, July 1	202,370	202,370	-
Prior Year Encumbrances Appropriated	4,748	4,748	-
Fund Balance, June 30	<u>\$ 193,557</u>	<u>197,716</u>	<u>4,159</u>
District-Managed Student Activities			
Total Revenues and Other Sources	\$ 455,136	455,136	-
Total Expenditures and Other Uses	470,682	382,907	<u>87,775</u>
Net Change in Fund Balance	(15,546)	72,229	<u>87,775</u>
Fund Balance, July 1	132,296	132,296	-
Prior Year Encumbrances Appropriated	11,280	11,280	-
Fund Balance, June 30	<u>\$ 128,030</u>	<u>215,805</u>	<u>87,775</u>
Other Local Sources			
Total Revenues and Other Sources	\$ 610,186	595,817	(14,369)
Total Expenditures and Other Uses	718,602	602,210	<u>116,392</u>
Net Change in Fund Balance	(108,416)	(6,393)	<u>102,023</u>
Fund Balance, July 1	120,109	120,109	-
Prior Year Encumbrances Appropriated	10,728	10,728	-
Fund Balance, June 30	<u>\$ 22,421</u>	<u>124,444</u>	<u>102,023</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
Auxiliary Services			
Total Revenues and Other Sources	\$ 394,983	362,187	(32,796)
Total Expenditures and Other Uses	491,155	326,453	164,702
Net Change in Fund Balance	(96,172)	35,734	131,906
Fund Balance, July 1	9,920	9,920	-
Prior Year Encumbrances Appropriated	131,847	131,847	-
Fund Balance, June 30	<u>\$ 45,595</u>	<u>177,501</u>	<u>131,906</u>
EMIS Grants			
Total Revenues and Other Sources	\$ 35,408	35,408	-
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balance	35,408	35,408	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 35,408</u>	<u>35,408</u>	<u>-</u>
Onenet Network Connectivity			
Total Revenues and Other Sources	\$ 45,000	45,000	-
Total Expenditures and Other Uses	45,000	21,000	24,000
Net Change in Fund Balance	-	24,000	24,000
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>24,000</u>	<u>24,000</u>
School Net Professional Development			
Total Revenues and Other Sources	\$ 9,280	6,300	(2,980)
Total Expenditures and Other Uses	11,440	6,070	5,370
Net Change in Fund Balance	(2,160)	230	2,390
Fund Balance, July 1	160	160	-
Prior Year Encumbrances Appropriated	2,000	2,000	-
Fund Balance, June 30	<u>\$ -</u>	<u>2,390</u>	<u>2,390</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
ENTRY YEAR PROFESSIONAL DEVELOPMENT			
Total Revenues and Other Sources	\$ 39,200	39,200	-
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balance	39,200	39,200	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 39,200	39,200	-
Ohio Reads			
Total Revenues and Other Sources	\$ 14,000	14,000	-
Total Expenditures and Other Uses	16,000	16,000	-
Net Change in Fund Balance	(2,000)	(2,000)	-
Fund Balance, July 1	2,000	2,000	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	-	-
Summer Intervention Grant			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	12,416	12,617	(201)
Net Change in Fund Balance	(12,416)	(12,617)	(201)
Fund Balance, July 1	12,617	12,617	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 201	-	(201)
Other State Grants			
Total Revenues and Other Sources	\$ 30,650	25,750	(4,900)
Total Expenditures and Other Uses	24,500	29,312	(4,812)
Net Change in Fund Balance	6,150	(3,562)	(9,712)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 6,150	(3,562)	(9,712)

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
Title VI-B Grants			
Total Revenues and Other Sources	\$ 1,707,518	1,622,529	(84,989)
Total Expenditures and Other Uses	1,723,170	1,726,060	(2,890)
Net Change in Fund Balance	(15,652)	(103,531)	(87,879)
Fund Balance, July 1	93,252	93,252	-
Prior Year Encumbrances Appropriated	10,279	10,279	-
Fund Balance, June 30	<u>\$ 87,879.00</u>	-	<u>(87,879)</u>
Title I - Grants			
Total Revenues and Other Sources	\$ 425,098	309,893	(115,205)
Total Expenditures and Other Uses	422,571	316,145	106,426
Net Change in Fund Balance	2,527	(6,252)	(8,779)
Fund Balance, July 1	(124)	(124)	-
Prior Year Encumbrances Appropriated	6,376	6,376	-
Fund Balance, June 30	<u>\$ 8,779</u>	-	<u>(8,779)</u>
Title V Grants			
Total Revenues and Other Sources	\$ 29,961	29,961	-
Total Expenditures and Other Uses	62,434	43,064	19,370
Net Change in Fund Balance	(32,473)	(13,103)	19,370
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	2,110	2,110	-
Fund Balance, June 30	<u>\$ (30,363)</u>	<u>(10,993)</u>	<u>19,370</u>
Title III - Grants			
Total Revenues and Other Sources	\$ 76,375	70,539	(5,836)
Total Expenditures and Other Uses	69,273	69,578	(305)
Net Change in Fund Balance	7,102	961	(6,141)
Fund Balance, July 1	172	172	-
Prior Year Encumbrances Appropriated	143	143	-
Fund Balance, June 30	<u>\$ 7,417</u>	<u>1,276</u>	<u>(6,141)</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
Safe and Drug Free Schools Grant			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	27,317	27,317	-
Net Change in Fund Balance	(27,317)	(27,317)	-
Fund Balance, July 1	40	40	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ (27,277)</u>	<u>(27,277)</u>	-
Education of the Handicapped Preschool Grant			
Total Revenues and Other Sources	\$ 39,550	35,703	(3,847)
Total Expenditures and Other Uses	38,789	38,787	2
Net Change in Fund Balance	761	(3,084)	(3,845)
Fund Balance, July 1	(61)	(61)	-
Prior Year Encumbrances Appropriated	3,145	3,145	-
Fund Balance, June 30	<u>\$ 3,845</u>	<u>-</u>	<u>(3,845)</u>
E-rate			
Total Revenues and Other Sources	\$ 111,341	61,758	(49,583)
Total Expenditures and Other Uses	175,311	98,798	76,513
Net Change in Fund Balance	(63,970)	(37,040)	26,930
Fund Balance, July 1	113,792	113,792	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 49,822</u>	<u>76,752</u>	<u>26,930</u>
Title II-A Grant			
Total Revenues and Other Sources	\$ 297,489	214,716	(82,773)
Total Expenditures and Other Uses	292,334	236,727	55,607
Net Change in Fund Balance	5,155	(22,011)	(27,166)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	22,011	22,011	-
Fund Balance, June 30	<u>\$ 27,166</u>	<u>-</u>	<u>(27,166)</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
Other Federal Grants			
Total Revenues and Other Sources	\$ 9,345	9,345	-
Total Expenditures and Other Uses	10,510	10,615	(105)
Net Change in Fund Balance	(1,165)	(1,270)	(105)
Fund Balance, July 1	1,130	1,130	-
Prior Year Encumbrances Appropriated	140	140	-
Fund Balance, June 30	<u>\$ 105</u>	<u>-</u>	<u>(105)</u>
Food Service			
Total Revenues and Other Sources	\$ 4,036,101	4,036,101	-
Total Expenditures and Other Uses	3,668,981	3,511,384	157,597
Net Change in Fund Balance	367,120	524,717	157,597
Fund Balance, July 1	940,486	940,486	-
Prior Year Encumbrances Appropriated	1,806	1,806	-
Fund Balance, June 30	<u>\$ 1,309,412</u>	<u>1,467,009</u>	<u>157,597</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
CAPITAL PROJECTS FUNDS			
Permanent Improvement Fund			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	20,972	20,397	575
Net Change in Fund Balance	(20,972)	(20,397)	575
Fund Balance, July 1	17,073	17,073	-
Prior Year Encumbrances Appropriated	12,227	12,227	-
Fund Balance, June 30	\$ 8,328	8,903	575
School Net			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	53,424	53,424	-
Net Change in Fund Balance	(53,424)	(53,424)	-
Fund Balance, July 1	1,595	1,595	-
Prior Year Encumbrances Appropriated	53,425	53,425	-
Fund Balance, June 30	\$ 1,596	1,596	-

OLENTANGY LOCAL SCHOOL DISTRICT

Fiduciary Fund Type

Trust and Agency Funds

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

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

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

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

OLENTANGY LOCAL SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>BALANCE</u>			<u>BALANCE</u>
	At	<u>Additions</u>	<u>Deductions</u>	At
	<u>July 1, 2005</u>			<u>June 30, 2006</u>
ASSETS:				
Cash and investments	\$ 256,366	661,431	624,636	293,161
TOTAL ASSETS	\$ <u>256,366</u>	<u>661,431</u>	<u>624,636</u>	<u>293,161</u>
LIABILITIES:				
Accounts payable	\$ 8,965	5,463	8,965	5,463
Due to others	247,401	287,698	247,401	287,698
TOTAL LIABILITIES	\$ <u>256,366</u>	<u>293,161</u>	<u>256,366</u>	<u>293,161</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2006

	Revised Budget	Actual	Variance with Revised Budget
FIDUCIARY FUND			
Private Purpose Trust Fund			
Total Revenues and Other Sources	\$ 311	311	-
Total Expenditures and Other Uses	500	-	500
 Net Change in Fund Balance	 (189)	 311	 500
 Fund Balance, July 1	 20,388	 20,388	 -
Prior Year Encumbrances Appropriated	-	-	-
 Fund Balance, June 30	 \$ 20,199	 20,699	 500

OLENTANGY LOCAL SCHOOL DISTRICT

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OLENTANGY LOCAL SCHOOL DISTRICT

STATISTICAL SECTION



**OLENTANGY LOCAL SCHOOL DISTRICT
STATISTICAL SECTION**

This part of the 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 District's overall financial health.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	97
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	104
These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	108
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	112
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 for the year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.

OLENTANGY LOCAL SCHOOL DISTRICT
 Net Assets by Component, Last Four Fiscal Years
(accrual basis of accounting)

Table 1

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,472,715	4,472,481	7,111,482	8,903,145
Restricted	10,180,627	10,924,626	12,560,888	17,830,931
Unrestricted	<u>14,174,849</u>	<u>(5,421,516)</u>	<u>7,139,165</u>	<u>22,517,905</u>
Total governmental activities net assets	<u>\$ 31,828,191</u>	<u>9,975,591</u>	<u>26,811,535</u>	<u>49,251,981</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Changes in Net Assets, Last Four Fiscal Years
(accrual basis of accounting)

Table 2

	2003	2004	2005	2006
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 29,233,127	37,907,726	42,823,744	46,825,283
Special	5,144,488	8,267,681	8,728,471	9,515,195
Vocational	625,387	666,085	746,329	886,930
Continuing	190,931	355,891	349,114	-
Support Services				
Operation and maintenance of plant	6,015,864	8,678,220	9,483,145	10,004,841
School administration	3,650,786	4,493,767	4,875,771	4,944,790
Pupils	3,855,730	3,809,803	4,534,860	5,477,774
Business operations	1,771,349	1,944,399	2,288,138	2,488,272
Instructional staff	2,443,651	3,123,226	3,264,928	3,537,520
Student transportation	4,153,684	4,706,098	5,492,319	6,201,572
Food services	2,420,401	3,171,374	3,664,270	4,026,471
Central services	1,271,013	1,561,282	1,656,155	1,661,191
General administration	192,932	275,312	333,659	354,452
Facilities	486,959	217,159	-	-
Co-curricular activities	1,792,695	2,468,676	2,847,202	2,801,661
Community services	387,301	372,895	468,977	371,161
Interest	9,283,859	10,838,180	11,675,021	14,803,419
Total governmental activities expenses	<u>\$ 72,920,157</u>	<u>92,857,774</u>	<u>103,232,103</u>	<u>113,900,532</u>
Program Revenue				
Governmental activities:				
Charges for services:				
Instruction				
Regular	\$ 227,980	323,665	477,823	688,308
Support Services				
Food services	2,078,292	2,558,852	3,216,801	3,661,774
Co-curricular activities	571,257	746,666	867,974	952,609
Community services	-	-	-	65,255
Operating Grants and Contributions	1,496,588	2,630,674	3,103,719	4,337,988
Capital Contributions	-	1,134,873	4,651,152	-
Total governmental activities program revenue	<u>\$ 4,374,117</u>	<u>7,394,730</u>	<u>12,317,469</u>	<u>9,705,934</u>
Net Expense	<u>\$ (68,546,040)</u>	<u>(85,463,044)</u>	<u>(90,914,634)</u>	<u>(104,194,598)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 55,221,377	53,599,792	93,295,674	105,721,238
Grants and entitlements not restricted to Specific Programs				
	9,885,088	11,497,567	15,471,497	15,394,492
Investment earnings	1,374,433	427,295	1,783,425	5,125,075
Miscellaneous	582,526	670,651	655,565	394,239
Total governmental activities general revenues and other changes	<u>67,063,424</u>	<u>66,195,305</u>	<u>111,206,161</u>	<u>126,635,044</u>
Changes in Net Assets	<u>\$ (1,482,616)</u>	<u>(19,267,739)</u>	<u>20,291,527</u>	<u>22,440,446</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Fund Balances, Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 2,005,813	2,995,466	5,170,055	6,496,560	8,338,218	13,687,683	12,922,194	5,573,883	19,728,818	25,158,402
Unreserved	<u>3,082,222</u>	<u>949,751</u>	<u>183,010</u>	<u>1,013,201</u>	<u>3,616,802</u>	<u>4,641,475</u>	<u>3,187,498</u>	<u>(8,369,784)</u>	<u>(10,227,261)</u>	<u>259,600</u>
Total General Fund	\$ <u>5,088,035</u>	<u>3,945,217</u>	<u>5,353,065</u>	<u>7,509,761</u>	<u>11,955,020</u>	<u>18,329,158</u>	<u>16,109,692</u>	<u>(2,795,901)</u>	<u>9,501,557</u>	<u>25,418,002</u>
All Other Governmental Funds										
Reserved	\$ 1,657,876	5,188,551	2,775,913	14,852,278	5,751,712	37,530,192	18,267,638	11,051,096	6,593,600	79,099,119
Unreserved, reported in:										
Special Revenue Funds	67,315	188,135	261,718	448,335	464,697	501,272	951,688	1,110,792	1,484,291	2,145,492
Debt Service Fund	878,691	922,387	1,267,503	1,901,753	2,067,823	2,850,194	3,032,701	7,874,857	7,073,458	9,154,210
Capital Projects Fund	<u>19,472,560</u>	<u>1,825,962</u>	<u>25,975,331</u>	<u>20,437,501</u>	<u>8,078,752</u>	<u>14,040,405</u>	<u>14,479,498</u>	<u>60,921,291</u>	<u>52,227,516</u>	<u>36,772,927</u>
Total All Other Govermental Funds	\$ <u>22,076,442</u>	<u>8,125,035</u>	<u>30,280,465</u>	<u>37,639,867</u>	<u>16,362,984</u>	<u>54,922,063</u>	<u>36,731,525</u>	<u>80,958,036</u>	<u>67,378,865</u>	<u>127,171,748</u>

Table 4

OLENTANGY LOCAL SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Years
(modified accrual basis of accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenue										
From Local Sources										
Taxes	\$ 21,726,869	23,583,091	29,566,893	34,327,453	45,741,420	56,360,993	55,218,875	53,029,792	92,968,674	105,932,238
Tuition	20,063	27,009	40,082	48,618	94,058	101,432	227,980	323,665	477,823	489,593
Investment income	1,085,128	1,548,163	784,125	2,185,069	2,931,925	1,603,859	1,374,433	427,295	1,783,425	5,125,075
Food services							2,078,292	2,558,852	3,216,801	3,661,774
Co-curricular activities	208,073	215,714	234,953	289,418	324,723	361,028	571,257	746,666	867,974	952,609
Intergovernmental - State	3,863,858	4,370,026	5,245,586	5,984,204	7,279,328	8,212,894	10,279,466	12,243,660	16,296,214	16,960,487
Intergovernmental - Federal	279,712	296,640	368,751	313,463	705,011	762,370	987,165	1,860,824	2,096,205	2,850,828
Other Revenue	255,811	392,849	305,161	469,820	465,109	347,143	582,526	670,651	637,341	672,659
Total Revenues	<u>27,439,514</u>	<u>30,433,492</u>	<u>36,545,551</u>	<u>43,618,045</u>	<u>57,541,574</u>	<u>67,749,719</u>	<u>71,319,994</u>	<u>71,861,405</u>	<u>118,344,457</u>	<u>136,645,263</u>
Expenditures										
Current:										
Instruction										
Regular	10,376,894	12,212,427	13,796,943	16,271,061	19,848,666	23,654,626	27,286,855	34,285,184	38,546,799	42,652,305
Special	1,564,784	1,932,809	1,908,304	2,266,016	2,742,740	3,858,284	5,066,348	8,085,579	8,575,538	9,587,507
Vocational	408,652	486,101	554,450	573,381	574,266	567,796	592,806	656,618	738,515	846,504
Continuing	23,189	21,921	-	19,685	15,346	70,883	190,931	355,891	349,114	-
Support Services										
Operation and maintenance of plant	2,178,501	2,461,244	2,608,139	3,261,383	3,748,820	5,871,826	6,156,949	8,545,251	8,858,302	9,727,391
School administration	2,181,945	2,465,644	2,892,022	2,390,922	2,701,750	3,099,940	3,534,270	4,374,741	4,804,149	5,054,225
Pupils	1,082,300	1,149,916	1,548,628	2,142,602	3,091,121	3,713,622	3,806,049	3,775,244	4,531,252	5,442,613
Business operations	694,068	809,874	872,316	1,120,447	1,427,810	1,607,921	1,728,211	1,927,467	2,314,520	2,467,966
Instructional staff	459,975	534,576	622,709	802,605	1,422,385	1,928,614	2,479,700	3,096,737	3,221,256	3,465,848
Student transportation	1,349,590	1,608,674	1,842,831	1,857,881	2,369,143	3,126,607	5,086,093	5,929,092	5,801,428	5,568,608
Food services	-	-	-	-	-	-	2,255,382	2,983,685	3,469,304	3,851,125
Central services	67,441	77,769	75,281	337,163	674,666	1,020,481	1,224,971	1,533,023	1,670,545	1,644,252
General administration	162,657	227,415	238,035	193,043	195,018	263,360	194,180	274,462	333,659	354,452
Facilities	-	-	-	-	-	125,281	65,544	218,936	352,450	272,361
Co-curricular Activities	551,348	626,628	642,359	819,914	880,653	1,155,611	1,723,783	2,374,907	2,726,546	2,631,116
Community Services	139,305	130,575	261,490	160,072	343,761	239,522	387,276	398,343	470,914	371,531
Capital Outlay	7,430,812	16,126,782	6,905,393	11,762,822	25,933,739	22,092,229	57,848,352	19,495,419	15,095,460	25,611,770
Debt Service:										
Principal Retirement	1,785,000	18,260,000	2,090,000	2,040,000	19,477,553	33,891,308	3,451,537	3,534,195	5,817,145	4,842,560
Interest and Fiscal Charges	2,886,284	3,400,198	3,333,373	4,045,726	5,438,397	6,326,999	9,468,711	10,351,254	11,618,719	14,655,124
Total Expenditures	<u>33,342,745</u>	<u>62,532,553</u>	<u>40,192,273</u>	<u>50,064,723</u>	<u>90,885,834</u>	<u>112,614,910</u>	<u>132,547,948</u>	<u>112,196,028</u>	<u>119,295,615</u>	<u>139,047,258</u>
Excess (deficiency) of revenue over (under) expenditures	(5,903,231)	(32,099,061)	(3,646,722)	(6,446,678)	(33,344,260)	(44,865,191)	(61,227,954)	(40,334,623)	(951,158)	(2,401,995)
Other Financing (Sources) Uses										
Proceeds from sale of assets	1,902	4,836	110,000	350	-	2,452	-	-	9,351	14,759
Proceeds from sale of bonds	-	17,000,000	27,100,000	-	16,515,974	58,169,624	39,635,000	61,600,000	-	74,230,000
Premium on bonds	-	-	-	-	-	1,131,412	688,231	4,237,771	2,856,581	7,105,081
Proceeds from sale of notes	17,000,000	-	-	15,962,500	-	30,000,000	-	-	-	-
Issuance of refunding bonds	-	10,470,000	21,349,603	-	-	1,539,979	-	9,085,000	34,779,980	43,532,307
Payment to refunded bond escrow agent	-	(10,470,000)	(21,349,603)	-	-	(1,540,000)	-	(9,267,230)	(37,258,629)	(46,770,824)
Inception of capital lease	-	-	-	-	-	494,941	-	-	-	-
Transfers in	140,825	372,075	161,936	143,200	144,450	979	4,357	27,106	-	-
Transfers out	(144,756)	(372,075)	(161,936)	(143,274)	(147,788)	(979)	(4,357)	(27,106)	-	-
Total Other Financing (Sources) Uses	<u>16,997,971</u>	<u>17,004,836</u>	<u>27,210,000</u>	<u>15,962,776</u>	<u>16,512,636</u>	<u>89,798,408</u>	<u>40,323,231</u>	<u>65,655,541</u>	<u>387,283</u>	<u>78,111,323</u>
Net Changes in Fund Balance	<u>\$ 11,094,740</u>	<u>(15,094,225)</u>	<u>23,563,278</u>	<u>9,516,098</u>	<u>(16,831,624)</u>	<u>44,933,217</u>	<u>(20,904,723)</u>	<u>25,320,918</u>	<u>(563,875)</u>	<u>75,709,328</u>
Debt service as a percentage of noncapital expenditures	18.0%	46.7%	16.3%	15.9%	38.4%	44.4%	17.3%	15.0%	16.7%	17.2%

Table 5

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

Table 5

Tax Year	Real Estate			Tangible Personal			Public Utility			Total		
	Assessed Value	Estimated %	Actual Value \$	Assessed Value	Estimated %	Actual Value \$	Assessed Value	Estimated %	Actual Value \$	Assessed Value	Estimated %	
1996	553,234,670	35%	1,580,670,486	35%	35,587,694	25%	142,350,776	35%	51,607,800	147,450,857	640,430,164	1,870,472,119
1997	699,615,650	35%	1,998,901,857	25%	47,115,866	35%	188,463,464	35%	51,861,030	148,174,371	798,592,546	2,335,539,692
1998	770,133,530	35%	2,200,381,514	25%	44,953,984	35%	179,815,936	35%	53,958,310	154,166,600	869,045,824	2,534,364,050
1999	883,942,390	35%	2,525,549,686	25%	67,767,810	35%	271,071,240	35%	56,209,140	160,597,543	1,007,919,340	2,957,218,469
2000	1,119,499,810	35%	3,198,570,886	25%	80,381,764	35%	321,527,056	35%	58,289,990	166,542,829	1,258,171,564	3,686,640,771
2001	1,314,040,180	35%	3,754,400,514	25%	100,711,129	35%	402,844,516	35%	57,814,390	165,183,971	1,472,565,699	4,322,429,001
2002	1,377,776,500	35%	3,936,504,286	25%	109,991,816	35%	439,967,264	35%	45,782,250	130,806,429	1,533,550,566	4,507,277,979
2003	1,707,103,130	35%	4,877,437,514	25%	134,155,435	35%	536,621,740	35%	70,270,560	200,773,029	1,911,529,125	5,614,832,283
2004	1,895,427,780	35%	5,415,507,943	25%	106,351,884	35%	425,407,536	35%	70,689,690	201,970,543	2,072,469,354	6,042,886,022
2005	2,101,605,530	35%	6,004,587,229	25%	108,881,867	35%	435,527,468	35%	75,269,710	215,056,314	2,285,757,107	6,655,171,011
2006	2,236,716,990	35%	6,390,619,971	25%	81,586,254	35%	326,345,016	35%	79,311,900	226,605,429	2,397,615,144	6,943,570,416

Source: Office of Auditor, Delaware County, Ohio

OLENTANGY LOCAL SCHOOL DISTRICT

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Table 6

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

Tax Year/ Collection Year	Delaware County	Delaware JVS	Delaware Library	Westerville Corp.	Columbus Corp./Orange Township	Olentangy Local School District			
						/-----Voted-----/	Gen. Fund	Bond	Unvoted
1996/1997	6.12	4.40	0.29	14.17	0.00	31.40	4.61	5.00	41.01
1997/1998	6.12	3.40	0.31	14.14	0.00	31.40	6.44	5.00	42.84
1998/1999	6.12	3.40	0.29	14.10	6.10	31.40	5.17	5.00	41.57
1999/2000	6.72	3.40	0.24	14.02	6.10	38.60	6.17	5.00	49.77
2000/2001	5.92	3.40	0.19	13.99	6.10	38.60	6.20	5.00	49.80
2001/2002	5.61	3.20	0.18	13.95	11.75	38.60	6.20	5.00	49.80
2002/2003	5.61	3.20	0.15	17.85	12.15	38.60	6.96	5.00	50.56
2003/2004	5.61	3.20	0.12	17.51	14.55	38.60	6.90	5.00	50.50
2004/2005	5.61	3.20	0.09	17.40	14.00	49.10	6.90	5.00	61.00
2005/2006	5.98	3.20	0.08	17.42	14.00	49.10	7.90	5.00	62.00

Source: Office of Auditor, Delaware County, Ohio

Data provided on a collection year basis, the manner in which it is maintained by the County Auditor.

Table 6

OLENTANGY LOCAL SCHOOL DISTRICT

Berkshire Township	Berlin Township	Concord Township	Delaware Township	Genoa Township	Powell Corp.	Liberty Township	Orange Township	Columbus Corp.	Delaware Corp.
3.50	6.60	13.40	7.30	11.20	2.12	6.30	6.80	2.10	2.10
3.50	4.80	13.40	7.30	11.20	3.09	6.80	6.80	2.10	2.10
3.50	4.80	13.40	7.30	11.20	2.93	6.80	6.80	2.10	2.10
3.50	4.80	12.00	7.30	10.80	3.09	7.63	6.80	2.10	2.10
3.50	4.80	12.00	7.30	12.80	5.22	7.12	12.45	2.10	2.10
3.50	4.80	12.00	7.30	12.80	3.13	7.45	12.45	2.10	2.10
3.50	5.30	12.00	7.30	12.80	5.30	9.40	12.85	2.10	2.10
3.50	5.30	12.00	7.30	12.80	4.95	9.32	15.25	2.10	2.10
3.50	5.30	12.00	7.30	12.80	4.01	9.30	14.70	2.10	2.10
3.50	5.30	12.00	7.30	10.10	11.95	9.20	14.70	2.10	2.80

Table 7

OLENTANGY LOCAL SCHOOL DISTRICT
Principal Property Taxpayers

Real Property (2006 collection year)

	<u>Name</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation *</u>
1) Banc One Management Corporation	\$ 14,669,060	0.61%	
7) NP Limited Partnership	10,236,690	0.43%	
3) National Mutual Insurance Company	9,772,570	0.41%	
4) Knickerbocker Properties INC XLII	9,470,620	0.40%	
5) Tuller Square Northpointe LLC	8,353,630	0.35%	
6) Evans Capital Investments	8,746,410	0.36%	
7) UH Columbus Investments Limited Partnership	6,704,260	0.28%	
8) Del Co. Water Co. Inc.	6,620,280	0.28%	
9) Kroger Company	6,072,260	0.25%	
10) Worthington LLC	5,509,000	0.23%	

Tangible Personal Property (2005 collection year)

1) Kroger Company	6,925,640	0.29%
2) ATS Ohio, Inc.	3,412,540	0.14%
3) Exel INC	3,047,090	0.13%
4) May Department Stores	2,887,790	0.12%
5) Sears Roebuck & Co	2,594,400	0.11%

Public Utility (2006 collection year)

1) Columbus Southern Power Company	47,176,100	1.97%
2) American Transmissions Systems Inc.	10,551,720	0.44%
3) Verizon North, Inc.	5,291,090	0.22%
4) Ohio Bell Telephone Co.	2,955,770	0.12%
5) Columbia Gas of Ohio	2,193,460	0.09%
6) Ohio Power Company	1,817,440	0.08%
7) Norfolk Southern Combined Railroad-SUBS.	1,296,480	0.05%
8) CSX Transportation Inc.	1,177,290	0.05%
9) Ohio Edison Co	1,124,180	0.05%
10) Suburban Natural Gas CO	1,118,190	0.05%

TOTAL PRINCIPAL TAXPAYERS	\$ 179,723,960	7.50%
ALL OTHERS	<u>\$ 2,217,891,184</u>	<u>92.50%</u>
TOTAL ASSESSED VALUATION	<u>\$ 2,397,615,144</u>	<u>100.00%</u>

*Percent based on Collection Year 2005 Assessed Valuation

Source: Office of the Auditor, Delaware County, Ohio

Table 8

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

Collection Year	Total Tax Levy	Current Tax Collections	% of Levy Collected	Delq. Tax Collections	Total Tax Collections	% of Tax Collection to Levy
1997	23,427,593	22,936,246	97.90%	619,582	23,555,828	100.55%
1998	27,767,013	27,354,395	98.51%	734,422	28,088,817	101.16%
1999	30,032,686	29,478,681	98.16%	1,041,221	30,519,902	101.62%
2000	43,991,457	43,420,766	98.70%	810,788	44,231,554	100.55%
2001	49,769,612	48,562,867	97.58%	1,167,949	49,730,816	99.92%
2002	51,455,151	51,396,125	99.89%	2,169,730	53,565,855	104.10%
2003	58,358,353	57,159,636	97.95%	2,088,809	59,248,445	101.53%
2004	62,971,118	63,180,782	100.33%	1,764,087	64,944,869	103.13%
2005	89,922,820	90,412,008	100.54%	1,822,221	92,234,229	102.57%
2006	102,310,038	103,179,311	100.85%	2,288,112	105,467,423	103.09%

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

Table 9

OLENTANGY LOCAL SCHOOL DISTRICT
 Ratio of Net General Bonded Debt Outstanding
 Last Ten Years

Collection Year	Assessed Value		% of Debt to Assessed Valuation	Net Bonded Debt		Net Bonded Debt	
	Real & Personal Property ¹	General Debt ²		Debt Per Capita	Debt Per ADM		
1997	\$ 798,592,546	\$ 64,181,750	8.04%	\$ 2,725	\$ 16,749		
1998	869,045,824	62,921,750	7.24%	2,567	14,505		
1999	1,007,919,340	87,931,019	8.72%	3,182	17,689		
2000	1,258,171,564	101,849,019	8.10%	3,165	18,555		
2001	1,472,565,699	98,329,377	6.68%	2,536	15,497		
2002	1,533,550,566	152,678,010	9.96%	3,361	22,446		
2003	1,911,529,125	188,968,533	9.89%	3,855	25,036		
2004	2,072,469,354	247,141,777	11.92%	4,717	28,798		
2005	2,285,757,107	251,401,756	11.00%	4,560	26,147		
2006	2,397,615,144	317,307,701	13.23%	5,513	26,529		

Sources:

¹ Assessed values from Table 5.

² Office of the Treasurer, Olentangy Local School District.

Table 10

OLENTANGY LOCAL SCHOOL DISTRICT
Computation of Direct and Overlapping Debt
June 30, 2006

<u>Overlapping Units</u>	Estimate Outstanding Debt	Percent Overlapping	Applicable to Olentangy Local School District
Delaware County	\$ 39,570,000	46.78%	\$ 18,510,846
Franklin County	93,955,000	0.01%	9,396
City of Columbus	383,395,000	1.38%	5,290,851
City of Delaware	14,175,000	2.98%	422,415
City of Powell	27,075,000	100.00%	27,075,000
City of Westerville	6,270,000	2.75%	172,425
Concord Township	95,331	16.32%	15,558
Liberty Township	5,589,984	99.86%	5,582,158
Delaware Co. Library	605,306	63.00%	381,343
Solid Waste Authority of Central Ohio	<u>29,670,000</u>	0.88%	<u>261,096</u>
	600,400,621		57,721,088
Olentangy Local School District	<u>317,307,701</u>	100.00%	<u>317,307,701</u>
Total	<u>\$ 917,708,322</u>		<u>\$ 375,028,789</u>

Source: Ohio Municipal Advisory Council

OLENTANGY LOCAL SCHOOL DISTRICT
Computation of Legal Debt Margin
June 30, 2006

Total Assessed Valuation (1)	\$ 2,397,615,144
------------------------------	------------------

OVERALL DEBT LIMITATION

9 % of assessed valuation (2)	<u>555,404,142</u>
Gross indebtedness	317,307,701
Less: Debt outside limitations	<u>(6,666,667)</u>
Debt subject to 9% limitations	310,641,034
Less: Debt service fund balance	<u> </u>
Net debt subject to limitations	<u>310,641,034</u>
Legal debt margin within 9% limitation	<u>\$ 244,763,108</u>

UNVOTED DEBT LIMITATION

.1% of assessed valuation	<u>\$ 2,397,615</u>
Gross indebtedness	-
Less: Debt outside limitations	<u>-</u>
Debt subject to limitations	<u>-</u>
Legal debt margin within .1% limitation	<u>\$ 2,397,615</u>

Note: (1) Assessed valuation from table 4.

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

Source: Office of the Treasurer, Olentangy Local School District

OLENTANGY LOCAL SCHOOL DISTRICT

Table 12

Legal Debt Margin Information

June 30, 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
DEBT LIMIT	\$ 71,873,329	78,214,124	90,712,741	113,235,441	132,530,913	462,994,551	462,994,551	439,378,758	439,378,758	555,404,142
Total Net Debt Applicable to Limit	<u>\$ 7,691,579</u>	<u>62,541,750</u>	<u>87,931,019</u>	<u>101,849,019</u>	<u>98,329,377</u>	<u>152,678,010</u>	<u>188,968,533</u>	<u>247,141,777</u>	<u>241,401,756</u>	<u>244,763,108</u>
Legal Debt Margin	\$ <u>64,181,750</u>	<u>15,672,374</u>	<u>2,781,722</u>	<u>11,386,422</u>	<u>34,201,536</u>	<u>310,316,541</u>	<u>274,026,018</u>	<u>192,236,981</u>	<u>197,977,002</u>	<u>310,641,034</u>
Total Net Debt Applicable to the Limit	10.70%	79.96%	96.93%	89.94%	74.19%	32.98%	40.81%	56.25%	54.94%	44.07%

Table 13

OLENTANGY LOCAL SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Years

Year	Population ¹	Delaware		Delaware	
		County Per Capita Income ²	Calculated Personal Income	County Unemployment Rate ³	Enrollment Membership ⁴
1997	23,550	\$ 37,307	\$ 878,579,850	2.8%	3,832
1998	24,514	39,088	958,203,232	2.6%	4,338
1999	27,634	40,250	1,112,268,500	2.6%	4,971
2000	32,182	41,937	1,349,616,534	3.1%	5,489
2001	38,773	42,300	1,640,097,900	2.8%	6,345
2002	45,422	39,816	1,808,522,352	3.9%	6,802
2003	49,024	38,940	1,908,994,560	4.0%	7,548
2004	52,399	39,980	2,094,912,020	4.0%	8,582
2005	55,128	38,940	2,146,684,320	4.2%	9,615
2006	57,561	NA	NA	NA	11,961

Sources:

¹ Mid Ohio Regional Planning Commission² Delaware County³ June data of Ohio Department of Jobs and Family Services⁴ Office of the Treasurer, Olentangy Local School District.

OLENTANGY LOCAL SCHOOL DISTRICT
Staffing Statistics (Head Count)
Last Four Years

	2003	2004	2005	2006
Professional Staff:				
Assistant Principal	9.0	12.0	13.0	14.0
Principal	9.0	12.0	13.0	14.0
Superintendent	1.0	1.0	1.0	1.0
Supervise/Manage/Direct	9.0	15.0	15.0	14.0
Coordinator	7.0	4.0	5.0	7.0
Educ.Administrative.Specialist	3.0	1.0	1.0	1.0
Other Administrative (Dean)	1.0	1.0	0.0	0.0
Curriculum Specialist (Ass't Supt)	0.0	1.0	1.0	1.0
Counseling	16.0	18.0	19.0	21.0
Librarian/Media	10.0	12.0	13.0	14.0
Remedial Specialist	10.0	19.0	22.0	23.0
Regular Teaching	357.0	394.0	454.0	503.0
Special Educ. Teaching	47.0	52.0	36.0	35.0
Vocational Educ. Teaching	7.0	8.0	3.0	10.0
Educ.Service personnel Teacher	48.0	58.0	64.0	66.0
Suppl.Service Teacher (Spec.Ed)	1.0	4.0	25.0	33.0
Psychologist	6.0	8.0	8.0	8.0
Registered Nursing	5.0	6.0	7.0	7.0
Physical Therapist	1.0	1.0	1.0	1.0
Speech and Language Therapist	5.0	7.0	8.0	7.0
Occupational Therapist	1.0	1.0	2.0	3.0
Other Professional	2.0	4.0	3.0	4.0
Special Education Supervisor	2.0	2.0	3.0	3.0
Home School Liaison	1.0	2.0	2.0	2.0
SST/Work Study	1.0	1.0	1.0	1.0
ESL	2.0	3.0	3.0	4.0
APE	1.0	1.0	1.0	1.0
Gifted	1.0	1.0	1.0	1.0
MH Teacher	1.0	1.0	1.0	1.0
SBH Teacher	2.0	2.0	2.0	2.0
Support Staff:				
Accounting	3.0	2.0	2.0	4.0
Extended Services for General Supervision	3.0	3.0	4.0	4.0
Treasurer	1.0	1.0	1.0	1.0
Public Relations	1.0	0.0	1.0	1.0
Secretarial	1.0	1.0	1.0	0.0
SE Clerks	8.0	10.0	10.0	11.0
Aides	13.0	19.0	25.0	34.0
Computer Operating	10.0	14.0	17.0	18.0
Practical Nursing	0.0	0.0	1.0	0.0
Library Aide	8.0	9.0	10.0	9.0
Bookkeeping (Finance)	1.0	3.0	3.0	2.0
Clerical	51.0	59.0	65.0	67.0
Teaching Aide	4.0	4.0	5.0	6.0
General Maintenance	9.0	10.0	10.0	11.0
Mechanic	4.0	5.0	5.0	5.0
Vehicle Operator (Bus)	88.0	99.0	108.0	114.0
Attendance Officer	0.0	0.0	0.0	0.0
Custodian	50.0	69.0	76.0	83.0
Computer Programming	1.0	0.0	0.0	0.0
Other Professional	2.0	1.0	1.0	2.0
Records Managing	0.0	1.0	1.0	1.0
Messenger	1.0	0.0	0.0	0.0
Monitoring	10.0	13.0	14.0	18.0
Groundskeeping	6.0	12.0	11.0	10.0
Other Service Worker/Laborer	0.0	0.0	0.0	0.0
Food Service	61.0	43.0	50.0	49.0
Total	902.0	1030.0	1149.0	1252.0

Table 15

OLENTANGY LOCAL SCHOOL DISTRICT
Staff Salary Statistics
Last Four Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Percentage of Teachers with Master Degrees (or Beyond)	NA	48.40% *	53.60% *	58.60% *
Average Teaching Salary and Total FTE	46,673 497.87 **	47,467 568.32 **	49,626 640.06 **	51,287 709.18 **
<u>Salary Ranges and Number of Certified Staff in Each Range</u>				
Bachelor Degree - Step 0	29,981	31,030	31,573	32,441
Bachelor Degree - Step 22	58,804	60,863	61,927	63,630
BA + 15 - Step 0	31,180	32,272	32,836	33,739
BA + 15 - Step 22	60,762	62,889	63,989	65,749
BA + 30 - Step 0	32,080	33,202	33,783	34,712
BA + 30 - Step 22	62,075	64,248	65,372	67,170
Master Degree - Step 0	33,863	35,049	35,662	36,642
Master Degree - Step 22	63,389	65,607	66,755	68,591
Master + 15 - Step 0	35,542	36,786	37,430	38,459
Master + 15 - Step 22	65,715	68,015	69,205	71,108
Master + 30 - Step 0	37,221	38,524	39,198	40,276
Master + 30 - Step 22	70,455	72,921	74,197	76,237
Master + 45 - Step 0	38,900	40,262	40,966	42,093
Master + 45 - Step 22	75,402	78,041	79,406	81,590
Total # of Certified Staff	495	586	657	719

* ODE Local Report Card

** EMIS Staff Reporting

Table 16

**OLENTANGY LOCAL SCHOOL DISTRICT
Miscellaneous Statistics**

	Olentangy (2005-2006)	State Average		
Student Attendance Rate %	95.7%	94.1%		
School District Graduation Rate %	97.7%	86.2%		
Core Academic Subject Elementary and Secondary Classes Taught by Highly qualified teachers %	99.7%	94.4%		
Core Academic Subject Elementary and Secondary Classes Taught By Properly Certified/Licensed Teachers %	99.7%	98.4%		
Expenditure Per Pupil - FY05	\$ 8,828	\$ 9,052		
Standardized Test Scores:				
2004-05 American College Test (ACT) Composite	Olentangy 23.3	Ohio 21.5	Nation 21.1	
2004-05 Scholastic Aptitude Test (SAT) Average				
Verbal	536	539	508	
Math	556	543	520	
Food Service Operations	2003	2004	2005	2006
Meals served to Students	564,778	683,928	790,802	945,345
% of Students Receiving Free Meals	3.7%	3.7%	4.1%	4.2%
% of Students Receiving Reduced Meals	1.4%	1.3%	1.6%	1.6%

OLENTANGY LOCAL SCHOOL DISTRICT

Capital Asset Additions by Function
Last Four Years

Table 17

	2003	2004	2005	2006
Governmental Activities:				
Instruction				
Regular	57,476,947	19,083,020	14,806,397	26,251,772
Special	6,627	-	2,296	4,562
Support Services				
Operation and maintenance of plant	393,239	226,166	36,200	68,710
School administration	2,334	-	-	-
Pupils	-	-	44,649	41,000
Instructional staff	11,728	-	4,052	-
Student transportation	1,301,025	1,657,617	892,848	31,814
Food services	16,139	5,581	-	8,567
Central services	-	3,077	-	-
Co-curricular Activities	-	26,912	36,605	-
Community Services	-	28,427	5,869	4,495
Total Governmental Activities Capital Assets	59,208,039	21,030,800	15,828,916	26,410,920
Contributions	0	1,134,873	4,651,152	0
	<u>59,208,039</u>	<u>22,165,673</u>	<u>20,480,068</u>	<u>26,410,920</u>

Note: GASB Statement #34 was implemented in fiscal 2003.

OLENTANGY LOCAL SCHOOL DISTRICT
School Building Information

<u>Building</u>	<u>Grades Housed</u>	<u>Capacity</u>	<u>Pupil/Teacher Ratio</u>	<u>Year Building Completed</u>
Alum Creek Elem.	K-5	650	20.7/1	1996
Wyandot Run Elem.	K-5	650	21.7/1	1993
Scioto Ridge Elem.	K-5	650	20.7/1	1998
Arrowhead Elem.	K-5	650	20.9/1	1998
Oak Creek Elem.	K-5	650	20.1/1	2000
Tyler Run Elem.	K-5	650	21.7/1	2001
Indian Springs Elem.	K-5	650	21.9/1	2003
Walnut Creek Elem.	K-5	650	21.1/1	2003
Glen Oak Elem.	K-5	650	19.2/1	2005
Meadows Elem.	K-5	650	20.7/1	2006
Shanahan Preschool	Pre K	300	NA	1952
Shanahan Middle School	6-8	900	19.7/1	1952
Liberty Middle School	6-8	900	20.1/1	2001
Orange Middle School	6-8	900	20.3/1	2004
Olentangy High School	9-12	1600	21.6/1	1990
Liberty High School	9-12	1600	18.1/1	2003

<u>Facilities Under Construction</u>			<u>Expected Opening</u>
Johnnycake Corners Elem.	K-5	650	2007-08
Liberty Tree Elem.	K-5	650	2007-08
Olentangy Hyatts Middle School	6-8	900	2007-08
Olentangy Orange High School	9-12	1600	2008-09

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Reports Issued Pursuant to
Government Auditing Standards
and
OMB Circular A-133

For the year ended June 30, 2006

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Olentangy Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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*.

However, we noted certain matters that we reported to management of the District in a separate letter dated January 19, 2007.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
January 19, 2007



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**

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

Compliance

We have audited the compliance of the Olentangy Local School District, Delaware County, Ohio (the 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 District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control over Compliance

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

Board of Education
Olentangy Local School District
Report on Compliance with Requirements Applicable to Each Major Federal Program and
Internal Control Over Compliance in Accordance with OMB Circular A-133 and
Schedule of Receipts and Expenditures of Federal Awards
Page 2

Schedule of Receipts and Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2006, and have issued our report thereon dated January 19, 2007.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
January 19, 2007

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

Federal grantor/Pass through grantor/Program title	Federal CFDA Number	Agency or pass through number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Pass-through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550		\$ -	\$ 304,387	\$ -	\$ 323,092
School Breakfast Program	10.553	046763-05PU	5,201	-	5,201	-
National School Lunch Program	10.555	046763-LLP4	354,494	-	354,494	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>359,695</u>	<u>304,387</u>	<u>359,695</u>	<u>323,092</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Pass-through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education--Grants to States--Title VI-B	84.027	046763-6BSF	1,622,529	-	1,638,180	-
Special Education--Preschool Grants	84.173	046763-PGS1	35,255	-	29,659	-
Total - Special Education Cluster			<u>1,657,784</u>	<u>-</u>	<u>1,667,839</u>	<u>-</u>
Title I Grants to Local Education Agencies	84.010	046763-C1S1	280,691	-	293,841	-
Innovative Education Program Strategy	84.298	046763-C2S1	29,961	-	40,613	-
Title II-D -- Technology Fund	84.318	046763-TJS1	8,129	-	8,338	-
Title III	84.365	046763-T3S2	68,816	-	61,095	-
Title II-A -- Improving Teacher Quality	84.367	046763-TRS1	152,301	-	174,764	-
Total U.S. Department of Education			<u>2,197,682</u>	<u>-</u>	<u>2,246,490</u>	<u>-</u>
Total Receipts and Expenditures of Federal Awards			<u>\$ 2,557,377</u>	<u>\$ 304,387</u>	<u>\$ 2,606,185</u>	<u>\$ 323,092</u>

See accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

June 30, 2006

(1) General

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the Olentangy Local School District (District) as the primary government. The District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule is presented on a cash basis of accounting in which revenues are recognized when received and expenses are recognized when paid.

(3) Noncash Programs

The District values its noncash programs (National School Lunch Program) on the basis of the value of the goods received during the fiscal year.

(4) Revenue

The revenue balances are reported net of refunds to the governmental agency.

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

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

JUNE 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Part B-IDEA CFDA # 84.027, Preschool Grants CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA

Auditor of State

OLENTANGY LOCAL SCHOOL DISTRICT DELAWARE 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
MARCH 27, 2007