

# **TALAWANDA SCHOOL DISTRICT**

Single Audit Reports

Year Ended June 30, 2008





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Talawanda School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 13, 2009

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**TABLE OF CONTENTS**

Schedule of Expenditures of Federal Awards..... 1

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*..... 2 – 3

Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control Over Compliance in Accordance  
with OMB Circular A-133..... 4 – 5

Schedule of Findings and Questioned Costs..... 6

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**TALAWANDA CITY SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008

<u>Federal Grantor/Program Title</u>	<u>Pass-Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u> (Passed through Ohio Department of Education)				
Food Donation	n/a	10.550	\$ 40,617	40,617
Nutrition Cluster:				
School Breakfast Program	05PU-2008	10.553	62,892	62,892
National School Lunch Program	LLP4-2008	10.555	307,864	307,864
Nutrition Cluster Total			<u>370,756</u>	<u>370,756</u>
Total U.S. Department of Agriculture			<u>411,373</u>	<u>411,373</u>
<u>U.S. Department of Education:</u> (Passed through Ohio Department of Education)				
Title I Grants to Local Educational Agencies	C1S1-2007	84.010	77,696	45,155
Title I Grants to Local Educational Agencies	C1S1-2008	84.010	326,914	339,602
			<u>404,610</u>	<u>384,757</u>
Special Education Cluster:				
Special Education - Grants to States	6BSF-2007	84.027	73,914	68,144
Special Education - Grants to States	6BSF-2008	84.027	655,922	664,342
Special Education - Preschool Grants	PGS1-2008	84.173	3,004	1,824
Special Education - Preschool Grants	PGS1-2008	84.173	10,371	10,909
Special Education Cluster Total			<u>743,211</u>	<u>745,219</u>
Safe and Drug-Free Schools and Communities	DRS1-2008	84.186	7,654	7,505
State Grants for Innovative Programs	C2S1-2007	84.298	-	191
State Grants for Innovative Programs	C2S1-2008	84.298	4,941	5,427
			<u>4,941</u>	<u>5,618</u>
Education Technology State Grants	TJS1-2007	84.318	-	1,606
Education Technology State Grants	TJS1-2008	84.318	2,362	1,948
			<u>2,362</u>	<u>3,554</u>
Comprehensive School Reform Demonstration	RFCC-2007	84.332	10,481	13,913
Improving Teacher Quality State Grants	TRS1-2007	84.367	30,276	19,990
Improving Teacher Quality State Grants	TRS1-2008	84.367	108,346	105,370
			<u>138,622</u>	<u>125,360</u>
Total U.S. Department of Education			<u>1,311,881</u>	<u>1,285,926</u>
Total Federal Awards			\$ <u>1,723,254</u>	<u>1,697,299</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DONATION**

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

**NOTE C - NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

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

To the Board of Education  
Talawanda School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Talawanda School District (the "School District") as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance And Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 29, 2008.

This report is intended solely for the information and use of the School District's management, the Board of Education, others within the entity, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
December 29, 2008

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

To the Board of Education  
Talawanda School District:

### Compliance

We have audited the compliance of the Talawanda School District (the “School District”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The School District’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District’s management. Our responsibility is to express an opinion on the School District’s compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District’s internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of 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 School District, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 29, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the School District's management, the Board of Education, others within the entity, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
December 29, 2008

**TALAWANDA CITY SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2008

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to the financial statements noted?	none

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors’ report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	no

Identification of major programs:

- Nutrition Cluster:*
- CFDA 10.553 – School Breakfast Program*
- CFDA 10.555 – National School Lunch Program*
  
- CFDA 84.010 – Title I*

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

**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings and Questioned Costs**

None.

**Section IV – Summary of Prior Audit Findings and Questioned Costs**

None.



Talawanda School District  
Oxford, Ohio

Comprehensive Annual Financial Report  
For the Year ended June 30, 2008

Board of Education

Darrell Smith	-	Board President
Mark Butterfield	-	Board Vice-President
Lois Vollmer	-	Board Member
Robert Huff	-	Board Member
Dr. Mike Crowder	-	Board Member

Superintendent of Schools

Dr. Philip F. Cagwin

Issued By

Treasurer's Office

Michael S. Davis, CFO/Director of Business Affairs

Talawanda School District  
Board of Education



**Darrell Smith – President**



**Mark Butterfield – Vice-President**



**Lois Vollmer – Member**



**Robert Huff – Member**



**Mike Crowder - Member**



**Philip F. Cagwin –Superintendent**



**Michael S. Davis, CFO**

**TALAWANDA SCHOOL DISTRICT, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

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

TABLE OF CONTENTS

(Continued)

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

TABLE OF CONTENTS  
(Continued)

Page

STATISTICAL SECTION

Net Assets by Component	92
Changes in Net Assets of Governmental Activities	93
Fund Balances - Governmental Funds	95
Changes in Fund Balances - Governmental Funds	96
Assessed and Estimated Actual Value of Taxable Property	97
Property Tax Rates	98
Principal Taxpayers	99
Property Tax Levies and Collections	100
Ratio of Debt to Assessed Value and Debt per Capita	101
Computation of Direct and Overlapping Debt Attributable to Governmental Activities	102
Computation of Legal Debt Margin	103
Demographic and Economic Statistics	104
Principal Employers	105
School District Employees by Function/Program	106
Building Statistics	107
Operating Statistics	108
Full-Time Equivalent Teachers by Education	109

# Introductory Section



**(Bogan Elementary Construction in Progress)**



## Talawanda School District

131 West Chestnut St.  
Oxford, Ohio 45056  
Phone:513-273-3107  
Fax:513-273-3113  
[www.talawanda.net](http://www.talawanda.net)

December 31, 2008

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

Ohio law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Talawanda School District for the year ended June 30, 2008.

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

The Talawanda School District's financial statements have been audited by Clark, Schaefer, Hackett & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Talawanda School District for the year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Talawanda School District's financial statements for the year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

### **PROFILE OF THE SCHOOL DISTRICT**

The Talawanda School District is located in the northwestern section of Butler County, Ohio, and encompasses the City of Oxford. The School District has an area of 145 square miles and an approximate residential population of 18,968 and an approximate University population of 16,000. The School District is primarily a residential and farming community. The Talawanda School District had 3,068 students enrolled in its two elementary schools, middle school, and high school during the year ended June 30, 2008. In addition to the schools listed, the School District maintained and operated a transportation facility, maintenance building, central office building, and several sports fields.

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION:**

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

### **Local Economy:**

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

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

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

### **Long-Term Financial Planning:**

During the 2007-2008 school year the Talawanda School District continued its participation in the Ohio School Facilities Commission Expedited Local Partnership Program Assessment Plan. This program enabled a group of architects employed by the Ohio School Facilities Commission to assess the condition of School District facilities to allow for state funding for school facilities. As a result of this study the Talawanda Board of Education developed a facilities master plan to meet the needs of the School District for the next several years. In November 2008, voters of the Talawanda School District approved a 4.7 mill bond issue to construct a new \$46 million high school on a new site. Based on the School District's wealth factor, the state should provide a 24% match on the new project. While the state does not anticipate that funding would be available for the Talawanda School District until 2011, the School District would be permitted to proceed under the Expedited Local Partnership Program with the understanding that state funding would be credited at that time.

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

## **AWARDS AND ACKNOWLEDGEMENTS:**

### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the School District for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **ASBO Certificate of Excellence**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the year ended June 30, 2007, to the School District. The Certificate of Excellence is the highest form of recognition for excellence in school district financial reporting and was awarded for this School District's sixteenth annual report produced under Generally Accepted Accounting Principles.

This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the year ended June 30, 2008, will also conform to its principles and standards.

### **Acknowledgments**

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

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

Sincerely,

Michael S. Davis  
CFO/Director of Business Affairs

Dr. Philip F. Cagwin  
Superintendent of Schools

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Talawanda City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

June 30, 2007

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.



*Chris S. Co*  
President

*Jeffrey L. Esser*  
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**TALAWANDA SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2007

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

*Gene E. Brendel*

President

*John D. Moore*

Executive Director

TALAWANDA SCHOOL DISTRICT  
APPOINTED OFFICIALS  
AS OF JUNE 30, 2008

Official

Philip Cagwin

Michael S. Davis

Kelly Spivey

David McDaniel

Susan Meyer

Title

Superintendent

CFO/Director of Business Affairs

Assistant Superintendent

Director of Technology

Director of Special Education

Elected Officials

Robert Huff

Lois Vollmer

Mark Butterfield

Mike Crowder

Darrell Smith

Term Expiration

December 31, 2009

December 31, 2009

December 31, 2011

December 31, 2011

December 31, 2011

TALAWANDA SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS  
AS OF JUNE 30, 2008

Architects

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

Construction Managers

Skillman Corporation  
3834 S. Emerson Avenue  
Indianapolis, Indiana 46203

Bond Council

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

Independent Auditor

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

Investment Counselors

RBC Capital Markets  
Municipal Bonds and Investment Securities  
414 Walnut Street  
Cincinnati, OH 45202

Legal Council

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

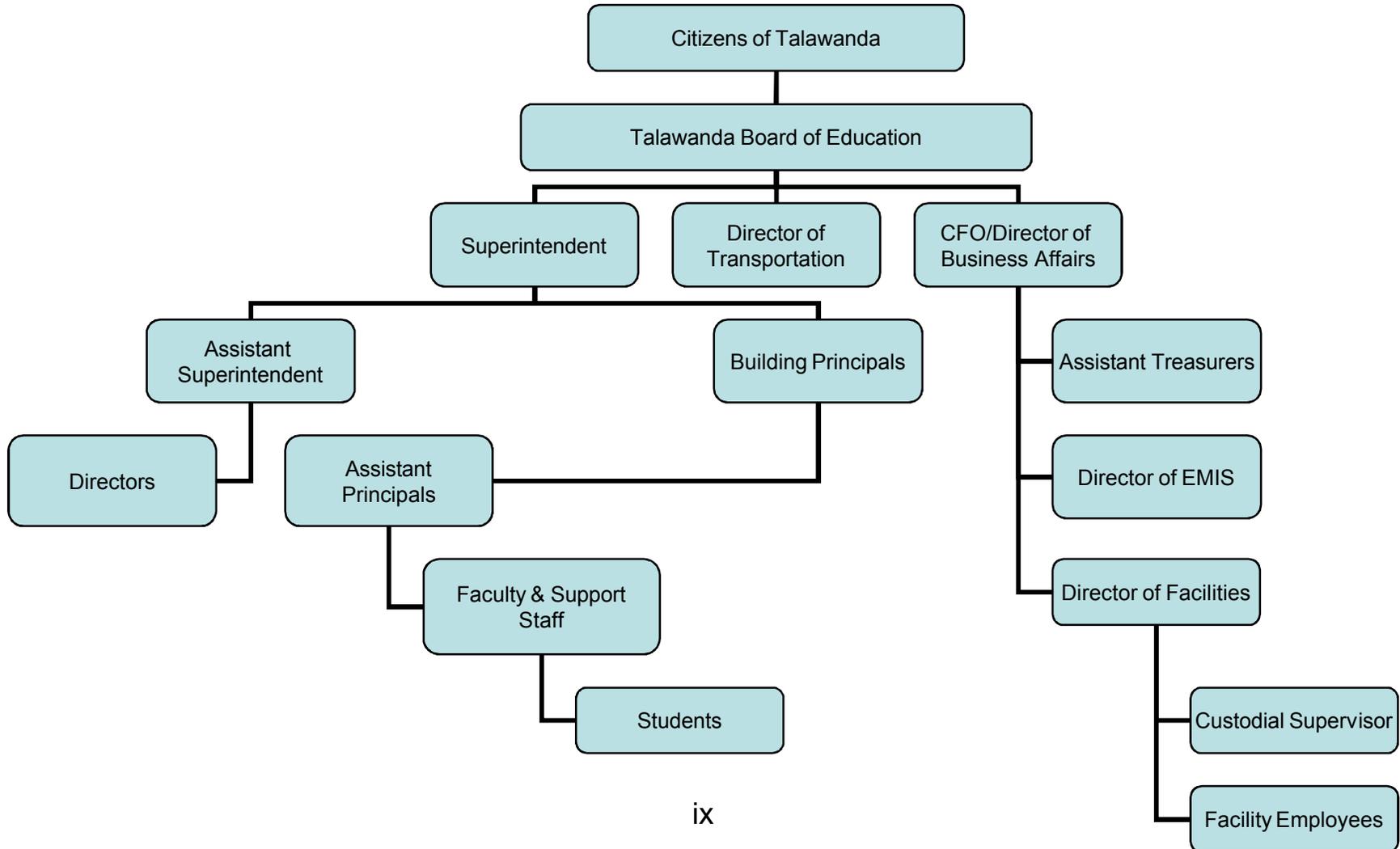
Official Depositories

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

Workers Compensation

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

# Talawanda School District, Ohio Organizational Chart As of June 30, 2008



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# Financial Section



**(Bogan Elementary Construction in Progress)**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Talawanda School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Talawanda School District (the "School District") as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on the 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 the 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 Talawanda School District as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008 on our consideration of the School District's internal control over financial reporting and on 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 considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary information on pages 3 through 11 and 44 through 45, 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 have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

105 east fourth street, ste. 1500  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

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

*Clark, Schaefer, Haskett & Co.*

Cincinnati, Ohio  
December 29, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

This discussion and analysis provides key information from management highlighting the overall financial performance of the Talawanda School District for the year ended June 30, 2008. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

### **Financial Highlights**

Major financial highlights for fiscal year 2008 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$21,311,188. Of this amount, \$10,922,468 may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets increased by \$1,166,968.
- ✓ The School District had \$34,324,964 in expenses related to governmental activities; only \$3,410,091 of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$32,081,841, made up primarily of property taxes and income taxes as well as State Foundation payments, was used to provide for these programs.
- ✓ The General Fund balance increased by \$1,840,154 from \$8,928,253 at June 30, 2007 to \$10,768,407 at June 30, 2008.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

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

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

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

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

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**A. Net assets at year-end**

The following table presents a condensed summary of the School District's overall financial position at June 30, 2008 and 2007:

**Governmental Activities**

		<u><b>FY08</b></u>	<u><b>FY07</b></u>
Current and other assets	\$	34,222,340	30,590,311
Capital assets		<u>20,479,296</u>	<u>21,670,253</u>
Total assets		<u>54,701,636</u>	<u>52,260,564</u>
Long-term liabilities outstanding		13,260,340	13,397,137
Other liabilities		<u>20,130,108</u>	<u>18,719,207</u>
Total liabilities		<u>33,390,448</u>	<u>32,116,344</u>
Net assets:			
Invested in capital assets, net of debt		9,044,201	9,960,126
Restricted:			
For capital projects		465,878	537,139
For debt service		610,498	488,013
For other purposes		268,143	304,687
Unrestricted		<u>10,922,468</u>	<u>8,854,255</u>
Total net assets	\$	<u>21,311,188</u>	<u>20,144,220</u>

The largest portion of the School District's net assets (42%) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net assets (\$10,922,468) may be used to meet the government's ongoing obligations to citizens and creditors.

Current assets increased by approximately \$3.6 million due primarily to increases in cash and investments of \$2.5 million and property and income taxes receivable in the amount of \$1.3 million. Such cash increases were due to better than expected growth in the School District's income tax revenue (approximately 14%); property taxes which increased by almost 4%; and other revenues (e.g. investment income, etc.) which were about 19% higher than the prior year. Capital assets declined due to current year depreciation exceeding capital asset additions. The \$1.3 million increase in liabilities was mostly due to an increase of approximately \$923,000 in unearned revenue. The unearned revenue is related to property taxes receivable and thus, increases as property tax receivables increase.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

**B. Governmental Activities during fiscal year 2008**

The following table presents a condensed summary of the School District's activities during fiscal year 2008 and 2007 and the resulting change in net assets:

	<u>FY08</u>	<u>FY07</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services and sales	\$ 1,633,286	1,386,564
Operating grants and contributions	1,759,168	1,739,737
Capital grants and contributions	17,637	32,948
Total program revenues	<u>3,410,091</u>	<u>3,159,249</u>
General revenues:		
Taxes	20,067,332	18,824,523
Grants and entitlements	10,709,123	10,299,542
Investment earnings	666,395	674,980
Miscellaneous	638,991	508,142
Total general revenues	<u>32,081,841</u>	<u>30,307,187</u>
<b>Total revenues</b>	<u>35,491,932</u>	<u>33,466,436</u>
<b>Expenses:</b>		
Instruction	18,489,269	17,600,318
Support services:		
Pupil	1,790,980	1,735,100
Instructional staff	2,015,323	1,808,410
Board of Education	59,448	107,231
Administration	2,143,346	1,988,368
Fiscal	1,159,110	1,013,792
Business	7,691	12,122
Operation and maintenance of plant	3,555,261	3,678,198
Pupil transportation	2,593,052	2,053,020
Central	103,191	96,650
Non-instructional services	843,926	727,258
Interest on long-term debt	441,994	602,893
Food services	1,122,373	1,150,745
<b>Total expenses</b>	<u>34,324,964</u>	<u>32,574,105</u>
<b>Change in net assets</b>	<u>\$ 1,166,968</u>	<u>892,331</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

Of the total governmental activities revenues of \$35,491,932, (\$3,410,091) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$20,067,332 (63%) comes from property and income taxes and \$10,709,123 (33%) is from state funding. The School District's operations are reliant upon its property tax levy, income taxes and the state's foundation program.

In total, revenues grew by about 6% during the current year with most of that increase coming from property and income taxes. The School District's income tax collections have continued to grow since passage of the income levy in 2004. Total expenditures increased 5.4% primarily to scheduled salary increases for certified and classified staff; increased health care costs in the second half of the year; higher fuel costs throughout the fiscal year; and increased maintenance costs for the School District's older buildings.

***Governmental Activities***

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 10% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$18,489,269 but program revenue contributed to fund 8% of those costs. Thus, general revenues of \$17,027,859 were used to support the remainder of the instruction costs.

**Governmental Activities**

		<b>Total Cost of Services</b>	<b>Program Revenue</b>	<b>Revenues as a % of Total Costs</b>	<b>Net Cost of Services</b>
Instruction	\$	18,489,269	1,461,410	8%	17,027,859
Support services		13,427,402	732,178	5%	12,695,224
Non-instructional services		843,926	154,667	18%	689,259
Food service		1,122,373	1,061,836	95%	60,537
Interest on long-term debt		<u>441,994</u>	<u>-</u>	0%	<u>441,994</u>
<b>Total</b>	\$	<u><u>34,324,964</u></u>	<u><u>3,410,091</u></u>	<u>10%</u>	<u><u>30,914,873</u></u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS**

**Governmental funds**

The School District has one major governmental fund: the General Fund. Assets of this fund comprise \$29,275,208 (86%) of the total \$34,106,938 governmental funds assets.

**General Fund.** Fund balance at June 30, 2008 was \$10,768,407, including \$9,822,513 of unreserved balance, which represents 34% of expenditures for fiscal year 2008. The primary reason for the increase in fund balance is due to higher than expected growth in the school district income tax (14%) while property tax revenues grew by about 3% versus the prior year. Also, Property Tax Allocation and Other Revenues were higher than the prior year by 24% and 19%, respectively.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Interest income increased 34% due to higher than expected cash balances and better than expected interest rates in agency notes. All forms of instruction decreased less than 1% versus the original plan. This change reflects stability in the School District's certified staff and a slightly better than expected mix in salary and step increases within this employee group. Board of Education expenditures increased by 30% due to increased board meetings for facilities planning and increased legal expenses for a bond issues and other legal matters. Operation and maintenance of plant increased by 2% due to a higher than expected maintenance needs of the district. Capital outlay was 75% higher than original plan due to required roof repairs and window replacements in the high school building. Advances out were lower by 94% due to fewer federal funds needing advances.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2008, the School District had invested in a broad range of capital assets, including land, buildings, equipment and vehicles. See Note 7 to the financial statements for more detail.

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

		<b>FY08</b>	<b>FY07</b>
Land	\$	1,251,619	1,251,619
Land improvements		445,442	446,677
Buildings and improvements		17,822,914	18,796,260
Furniture and equipment		865,271	1,038,964
Vehicles		94,050	136,733
Total	\$	20,479,296	21,670,253

Current year depreciation exceeded capital asset additions which caused the decrease in capital assets.

**Debt**

As of June 30, 2008, the balance of outstanding capital leases was \$2,853,000.

As of June 30, 2008 the balance of outstanding general obligation bonds is \$8,370,000.

See Note 12 to the financial statements.

**ECONOMIC FACTORS**

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

The School District is projecting flat to 1+% enrollment increases for the foreseeable future. The School District is currently receiving the same amount of state aid as it did in 1998. Due to higher property valuations and lower enrollment, the School District is on the guarantee by nearly \$2 million. Unless significant changes are made to the state funding formula, any costs associated with enrollment growth will come without state support.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2008**  
**Unaudited**

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In November 2004, the School District passed a 1% School District Income Tax that is expected to generate about \$5 million annually. The School District is working hard to produce a balanced budget through the 2010-11 school year. In an attempt to identify alternative revenue, the Talawanda Board of Education implemented a policy to accept students from other school districts through open enrollment at the middle school and high school level for 2005-06. This initiative generated approximately \$190,000 during FY2008. The Talawanda Board of Education voted to accept open enrollment at the elementary schools in 2006-07 with the opening of the new elementary school.

In November 2008, the School District passed a 4.7 mill Bond Issue to build a new High School. The total projected cost of the new 164,000 square foot facility is approximately \$46 million. This cost includes land acquisition of a 154 acre parcel of land just south of the Oxford City limits on Route 27. It is expected that the City will annex this land and provide city services (including water and sewer) to the School District's new building. The Talawanda Board of Education has not yet determined the disposition of the existing High School property or the vacant 32 acres the School District owns on Kehr Road.

**REQUESTS FOR ADDITIONAL INFORMATION**

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

# TALAWANDA SCHOOL DISTRICT, OHIO

## Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 13,644,937
Receivables:	
Taxes	19,751,236
Accounts	40,706
Intergovernmental	240,443
Interest	92,541
Supplies inventory	12,600
Prepays	93,689
Restricted assets	202,876
Deferred charges	143,312
Nondepreciable capital assets	1,251,619
Depreciable capital assets, net	<u>19,227,677</u>
<b>Total assets</b>	<u>54,701,636</u>
<b>Liabilities:</b>	
Accounts payable	386,365
Accrued wages and benefits	2,925,684
Pension obligation payable	723,388
Unearned revenue	16,062,446
Accrued interest payable	32,225
Noncurrent liabilities:	
Due within one year	512,222
Due within more than one year	<u>12,748,118</u>
<b>Total liabilities</b>	<u>33,390,448</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	9,044,201
Restricted for:	
Capital projects	465,878
Debt service	610,498
Other purposes	268,143
Unrestricted	<u>10,922,468</u>
<b>Total net assets</b>	<u>\$ 21,311,188</u>

See accompanying notes to the basic financial statements.

**TALAWANDA SCHOOL DISTRICT, OHIO**

Statement of Activities  
Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 14,504,896	850,579	185,257	-	\$ (13,469,060)
Special education	2,752,263	-	425,574	-	(2,326,689)
Other instruction	1,232,110	-	-	-	(1,232,110)
Support services:					
Pupil	1,790,980	-	486,034	-	(1,304,946)
Instructional staff	2,015,323	-	99,111	-	(1,916,212)
Board of Education	59,448	-	-	-	(59,448)
Administration	2,143,346	-	129,396	-	(2,013,950)
Fiscal	1,159,110	-	-	-	(1,159,110)
Business	7,691	-	-	-	(7,691)
Operation and					
maintenance of plant	3,555,261	-	-	-	(3,555,261)
Pupil transportation	2,593,052	-	-	17,637	(2,575,415)
Central	103,191	-	-	-	(103,191)
Non-instructional services:					
Extracurricular activities	785,993	104,701	-	-	(681,292)
Community service	57,933	-	49,966	-	(7,967)
Food service	1,122,373	678,006	383,830	-	(60,537)
Interest on long-term debt	441,994	-	-	-	(441,994)
<b>Total Governmental Activities</b>	<b>\$ 34,324,964</b>	<b>1,633,286</b>	<b>1,759,168</b>	<b>17,637</b>	<b>(30,914,873)</b>

**General Revenues:**

Property taxes, levied for general purposes	12,537,988
Property taxes, levied for debt services	636,684
Property taxes, levied for capital projects	1,156,760
Income taxes	5,735,900
Grants and entitlements not restricted to specific programs	10,709,123
Investment earnings	666,395
Miscellaneous	638,991
<b>Total general revenues</b>	<b>32,081,841</b>
Change in net assets	1,166,968
Net assets beginning of year	20,144,220
Net assets end of year	\$ 21,311,188

See accompanying notes to the basic financial statements.

# TALAWANDA SCHOOL DISTRICT, OHIO

Balance Sheet  
 Governmental Funds  
 June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 11,174,632	2,470,305	13,644,937
Restricted cash	202,876	-	202,876
Receivables:			
Taxes	17,640,501	2,110,735	19,751,236
Accounts	39,391	1,315	40,706
Accrued interest	92,233	308	92,541
Intergovernmental	3,976	236,467	240,443
Prepays	93,689	-	93,689
Supplies inventory	-	12,600	12,600
Interfund receivable	27,910	-	27,910
<b>Total assets</b>	<u>29,275,208</u>	<u>4,831,730</u>	<u>34,106,938</u>
<b>Liabilities:</b>			
Accounts payable	362,155	24,210	386,365
Accrued wages and benefits	2,714,617	211,067	2,925,684
Pension obligation payable	694,962	28,426	723,388
Interfund payable	-	27,910	27,910
Compensated absences payable	24,081	-	24,081
Deferred revenue	14,710,986	2,166,973	16,877,959
<b>Total liabilities</b>	<u>18,506,801</u>	<u>2,458,586</u>	<u>20,965,387</u>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	123,329	227,077	350,406
Budget stabilization	202,876	-	202,876
Property taxes	526,000	79,000	605,000
Prepays	93,689	-	93,689
Supplies inventory	-	12,600	12,600
Debt service	-	562,985	562,985
Unreserved, reported in:			
General Fund	9,822,513	-	9,822,513
Special Revenue Funds	-	478,982	478,982
Capital Projects Funds	-	1,012,500	1,012,500
<b>Total fund balances</b>	<u>10,768,407</u>	<u>2,373,144</u>	<u>13,141,551</u>
<b>Total liabilities and fund balances</b>	<u>\$ 29,275,208</u>	<u>4,831,730</u>	<u>34,106,938</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2008

<b>Total Governmental Fund Balances</b>		\$ 13,141,551
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,479,296
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.		815,513
Deferred charges are not reported in the funds.		143,312
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
General obligation bonds	8,582,095	
Compensated absences	1,801,164	
Lease-purchase agreement	2,853,000	
Accrued interest payable	<u>32,225</u>	
Total		<u>(13,268,484)</u>
Net Assets of Governmental Activities		\$ <u>21,311,188</u>

# TALAWANDA SCHOOL DISTRICT, OHIO

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

Year Ended June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 18,215,170	1,783,187	19,998,357
Tuition and fees	684,434	-	684,434
Interest	666,395	7,358	673,753
Charges for services	-	844,151	844,151
Intergovernmental	10,537,339	1,954,422	12,491,761
Other local revenues	361,415	396,340	757,755
<b>Total revenues</b>	<u>30,464,753</u>	<u>4,985,458</u>	<u>35,450,211</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	12,784,907	659,570	13,444,477
Special education	2,224,036	453,268	2,677,304
Other instruction	1,231,981	129	1,232,110
Support services:			
Pupil	1,146,378	629,616	1,775,994
Instructional staff	1,814,043	158,039	1,972,082
Board of Education	59,448	-	59,448
Administration	1,888,831	139,229	2,028,060
Fiscal	1,116,199	29,669	1,145,868
Business	7,691	-	7,691
Operation and maintenance of plant	3,084,668	-	3,084,668
Pupil transportation	2,553,000	-	2,553,000
Central	103,191	-	103,191
Non-instructional services:			
Extracurricular activities	588,086	189,311	777,397
Community service	-	47,873	47,873
Food service	-	1,037,531	1,037,531
Capital outlay	22,140	438,855	460,995
Debt Service:			
Principal	-	414,000	414,000
Interest and fiscal charges	-	447,377	447,377
<b>Total expenditures</b>	<u>28,624,599</u>	<u>4,644,467</u>	<u>33,269,066</u>
Net change in fund balance	1,840,154	340,991	2,181,145
Fund balance, beginning of year	8,928,253	2,032,153	10,960,406
Fund balance, end of year	\$ <u>10,768,407</u>	<u>2,373,144</u>	<u>13,141,551</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,181,145

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.

Capital outlay	382,878
Depreciation expense	(1,573,835)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	270,000
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Repayment of lease agreements is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	144,000
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	1,039
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Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(284,324)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	41,721
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Amortization of bond issuance costs and bond premiums.	<u>4,344</u>
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Change in Net Assets of Governmental Activities	\$ <u><u>1,166,968</u></u>
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**TALAWANDA SCHOOL DISTRICT, OHIO**

Statement of Net Assets

Fiduciary Funds

June 30, 2008

		Private Purpose Trusts	Agency Funds
<b>ASSETS</b>			
Equity in pooled cash and investments	\$	<u>14,315</u>	<u>96,174</u>
Total assets		<u><u>14,315</u></u>	<u><u>96,174</u></u>
<b>LIABILITIES</b>			
Due to student groups		-	80,155
Due to others		<u>-</u>	<u>16,019</u>
Total liabilities		<u>-</u>	<u><u>96,174</u></u>
<b>NET ASSETS</b>			
Held in trust	\$	<u><u>14,315</u></u>	

See accompanying notes to the basic financial statements.

**TALAWANDA SCHOOL DISTRICT, OHIO**

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2008

	<u>Private- Purpose Trust Funds</u>
<b>Additions:</b>	
Contributions	\$ 1,000
Interest	<u>679</u>
Total additions	<u>1,679</u>
<b>Deductions:</b>	
Community gifts, awards and scholarships	<u>4,000</u>
Total deductions	<u>4,000</u>
Change in net assets	(2,321)
Net assets, beginning of year	<u>16,636</u>
Net assets, end of year	\$ <u><u>14,315</u></u>

See accompanying notes to the basic financial statements.

# TALAWANDA SCHOOL DISTRICT, OHIO

## Notes to the Basic Financial Statements

Year Ended June 30, 2008

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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**B. Basis of Presentation**

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

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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**C. Fund Accounting**

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

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

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

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

**D. Basis of Accounting**

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

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

# TALAWANDA SCHOOL DISTRICT, OHIO

## Notes to the Basic Financial Statements

Year Ended June 30, 2008

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

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

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

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

***Deferred Revenue*** Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2008 which are intended to finance fiscal year 2009 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

## TALAWANDA SCHOOL DISTRICT, OHIO

### Notes to the Basic Financial Statements

Year Ended June 30, 2008

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

***Estimated Resources*** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund levels of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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

**F. Cash and Investments**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet. During fiscal year 2008, the School District's investments were limited to US Treasury notes, US Agency securities and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2008 at fair value.

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

**G. Inventory**

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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

**K. Accrued Liabilities and Long-Term Obligations**

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

**L. Fund Balance Reserves**

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

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

**M. Restricted Assets**

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

**N. Net Assets**

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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**O. Estimates**

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

**2. DEFICIT FUND BALANCES**

At June 30, 2008, the following funds a deficit fund balance:

Nonmajor governmental funds:	
Title VIB Fund	\$27,176
Title I Fund	\$39,935
Drug Free Schools Fund	\$240
EHA Preschool Handicapped Fund	\$1,154
Class Size Reduction Grant Fund	\$7,891
Miscellaneous Federal Grants Fund	\$555

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**3. DEPOSITS AND INVESTMENTS**

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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

Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At year-end, \$6,576,699 of the School District's bank balance of \$6,676,699 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2008 are as summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity (Years)</u>
STAR Ohio	\$ 184,492	n/a
U.S. Money Market Fund	21,516	n/a
FHLB	4,473,877	0.52
FNMA	992,669	0.30
FHLMC	<u>2,090,737</u>	0.76
	<u>\$ 7,763,291</u>	

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

*Concentration of Credit Risk.* The School District's investments in FHLB, FNMA and FHLMC securities represented 58%, 13% and 27%, respectively, of its total investments at June 30, 2008.

# TALAWANDA SCHOOL DISTRICT, OHIO

## Notes to the Basic Financial Statements

Year Ended June 30, 2008

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

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

#### 4. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at varying percentages of true value and on real property at 35% of true value.

Tangible personal property taxes are levied after April 1 on the value as of December 31 of the current year. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 was 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Butler County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available for advance can vary based on the date the tax bills are sent.

**TALAWANDA SCHOOL DISTRICT, OHIO**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2008**

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Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2008. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amounts available as advances at June 30, 2008, were \$526,000, and \$79,000 in the General Fund and Other Governmental Funds, respectively.

The assessed values upon which fiscal year 2008 taxes were collected are:

	<u>2007 Second- Half Collections</u>		<u>2008 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 575,235,730	94.66%	596,309,550	95.34%
Tangible Personal Property	<u>32,480,156</u>	5.34%	<u>29,147,479</u>	4.66%
Total Assessed Value	\$ <u>607,715,886</u>	100.00%	<u>625,457,029</u>	100.00%
Tax rate per \$1,000 of assessed valuation	\$53.40		\$53.40	

**5. INCOME TAXES**

In November 2004, the voters of the School District passed a 1% school income tax on wages earned by residents of the School District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ended June 30, 2008, the School District recorded income tax revenue of \$5,735,900 in the entity-wide financials and a receivable as of June 30, 2008 of \$2,713,515.

**6. INTERFUND TRANSACTIONS**

On the fund financial statements, the General Fund has a receivable of \$27,910 due from Other Governmental funds. These interfund loans were made to provide operating capital.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

**7. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance 7/1/07	Additions	Disposals	Balance 6/30/08
<b>Governmental Activities</b>				
<b>Nondepreciable:</b>				
Land	\$ 1,251,619	-	-	1,251,619
<b>Depreciable:</b>				
Land improvements	1,711,647	101,226	-	1,812,873
Buildings and improvements	34,265,451	40,417	-	34,305,868
Vehicles	479,811	-	-	479,811
Equipment and furniture	6,332,950	241,235	-	6,574,185
Educational media	1,253,844	-	-	1,253,844
Subtotal	<u>44,043,703</u>	<u>382,878</u>	<u>-</u>	<u>44,426,581</u>
Totals at historical cost	<u>45,295,322</u>	<u>382,878</u>	<u>-</u>	<u>45,678,200</u>
Less accumulated depreciation:				
Land improvements	1,264,970	102,461	-	1,367,431
Buildings and improvements	15,469,191	1,013,763	-	16,482,954
Vehicles	343,078	42,683	-	385,761
Equipment and furniture	5,293,986	414,928	-	5,708,914
Educational media	1,253,844	-	-	1,253,844
Total accumulated depreciation	<u>23,625,069</u>	<u>1,573,835</u>	<u>-</u>	<u>25,198,904</u>
Capital assets, net	\$ <u>21,670,253</u>	<u>(1,190,957)</u>	<u>-</u>	<u>20,479,296</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 961,775
Special	41,839
Support services:	
Pupil	8,433
Instructional staff	38,475
Administration	78,706
Fiscal	5,971
Operation and maintenance of plant	277,300
Pupil transportation	40,052
Community service	10,060
Extracurricular activities	19,804
Food service	<u>91,420</u>
Total depreciation expense	\$ <u>1,573,835</u>

**8. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District participated in the Ohio School Plan, a risk sharing pool (Note 14) for liability, property, auto, and crime insurance to address these various types of risk. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

**9. DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

## **TALAWANDA SCHOOL DISTRICT, OHIO**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2008**

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Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were approximately \$549,000, \$525,000, and \$507,000 respectively; 40% has been contributed for 2008 and 100% for fiscal years 2007 and 2006.

#### **State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a state-wide, cost-sharing multiple-employer public employee retirement system for licensed teachers and other faculty members employed by the School District. STRS Ohio provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a bi-weekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2008, 2007, and 2006 were approximately \$2,012,000, \$1,928,000 and \$1,849,000 respectively; 84% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006. The unpaid contribution for fiscal year 2008 is recorded as a liability within the respective funds.

#### **Social Security System**

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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**10. POSTEMPLOYMENT 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 Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by state statute.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for years ended June 30, 2008, 2007, and 2006. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions to STRS Ohio allocated to post-employment health care for the years ended June 30, 2008, 2007, and 2006 were \$144,000, \$138,000, and \$132,000, respectively.

SERS administers two postemployment benefit plans:

*Medicare B Plan* - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2008, the actuarially required allocation was 0.68%. The School District contributions for the year ended June 30, 2008 were approximately \$27,000, which equaled the required contributions for the year.

*Health Care Plan* - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health care plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 3.32%.

The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The School District's contributions for years ended June 30, 2008, 2007, and 2006 were \$135,000, \$125,000 and \$120,000, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

## **11. EMPLOYEE BENEFITS**

### **Compensated Absences**

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

**12. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Principal			Principal	Amounts
	Outstanding	Additions	Reductions	Outstanding	Due in
	7/1/07			6/30/08	One Year
<b><i>Governmental Activities:</i></b>					
General obligation bonds	\$ 8,640,000	-	(270,000)	8,370,000	225,000
Add premium on issuance	225,487	-	(13,392)	212,095	-
Lease-purchase agreement	2,997,000	-	(144,000)	2,853,000	83,000
Compensated absences	1,534,650	466,966	(176,371)	1,825,245	204,222
Total	\$ 13,397,137	466,966	(603,763)	13,260,340	512,222

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

Principal and interest requirements to retire the general obligations bonds outstanding at June 30, 2008 are as follows:

Fiscal Year		Principal	Interest	Total
Ending June 30,				
2009	\$	225,000	396,781	621,781
2010		230,000	390,123	620,123
2011		240,000	382,658	622,658
2012		245,000	374,470	619,470
2013		255,000	365,529	620,529
2014-2018		1,430,000	1,659,800	3,089,800
2019-2023		1,795,000	1,272,500	3,067,500
2024-2028		2,305,000	757,919	3,062,919
2029-2031		1,645,000	136,632	1,781,632
Total	\$	8,370,000	5,736,412	14,106,412

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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*Lease-purchase Agreements* – During 2005, the Board authorized financing in the amount of \$614,000 for HVAC upgrades and the acquisition of land for the new elementary school with a lease-purchase agreement through the Ohio Association of School Business Official’s Expanded Asset Pooled Financing Program. During 2006, the Board authorized financing in the amount of \$2,593,000 for the construction of a new elementary school with a lease-purchase agreement through the Ohio Association of School Business Official’s Expanded Asset Pooled Financing Program. The future minimum payments for both lease-purchase agreements as of June 30, 2008 were as follows:

Fiscal Year Ending June 30,		
2009	\$	224,527
2010		283,805
2011		280,837
2012		279,658
2013		277,215
2014-2018		1,181,519
2019-2023		1,061,987
2024-2026		<u>642,951</u>
Total		4,232,499
Less amount representing interest		<u>(1,379,499)</u>
Present value of minimum lease payments	\$	<u>2,853,000</u>

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid.

**13. JOINTLY GOVERNED ORGANIZATIONS**

*Butler County Technology and Career Development Schools*

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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*Southwestern Ohio Computer Association*

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

**14. INSURANCE PURCHASING POOLS**

*Butler County Health Plan*

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

*Ohio School Plan*

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

*Ohio School Boards Association Workers' Compensation Group Rating Plan*

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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**15. CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

**Litigation**

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

**16. REQUIRED SET-ASIDES**

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

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

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2007	\$	-	-	202,876
Current year set-aside requirement		433,746	433,746	-
Less qualifying disbursements		<u>(466,732)</u>	<u>(545,172)</u>	<u>-</u>
Total		<u><u>(32,986)</u></u>	<u><u>(111,426)</u></u>	<u><u>202,876</u></u>
Balance carried to FY2009		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>202,876</u></u>
Cash balance as of June 30, 2008	\$	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>202,876</u></u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2008**

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

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

**17. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2008, the School District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses how state and local governments should account and disclose their costs and obligations related to postemployment healthcare and other non-pension benefits. The implementation had no effect to the School District's financial statement amounts.

**18. SUBSEQUENT EVENT**

In November 2008, voters of the Talawanda School District approved a 4.7 mill bond issue to construct a new \$46 million high school on a new site.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TALAWANDA SCHOOL DISTRICT, OHIO**  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Taxes	\$ 18,566,069	17,942,248	17,942,248	-
Tuition and fees	695,500	703,374	703,374	-
Interest	500,000	670,697	670,697	-
Intergovernmental	8,993,430	10,530,130	10,530,130	-
Other local revenues	255,000	270,127	270,127	-
<b>Total revenues</b>	<u>29,009,999</u>	<u>30,116,576</u>	<u>30,116,576</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	12,685,032	12,642,204	12,642,204	-
Special education	2,263,213	2,185,134	2,185,134	-
Other instruction	1,181,921	1,215,420	1,215,420	-
Support services:				
Pupil	1,221,032	1,177,323	1,177,323	-
Instructional staff	1,748,779	1,777,001	1,777,001	-
Board of Education	81,538	62,944	62,944	-
Administration	1,822,314	1,904,221	1,904,221	-
Fiscal	1,055,945	1,121,904	1,121,904	-
Business	8,100	8,706	8,706	-
Operation and maintenance of plant	3,041,372	3,098,866	3,098,866	-
Pupil transportation	2,193,447	2,250,978	2,250,978	-
Central	137,631	113,622	113,622	-
Non-instructional services:				
Extracurricular activities	545,978	586,079	586,079	-
Capital outlay	44,112	77,106	77,106	-
<b>Total expenditures</b>	<u>28,030,414</u>	<u>28,221,508</u>	<u>28,221,508</u>	<u>-</u>
Excess of revenues over (under) expenditures	979,585	1,895,068	1,895,068	-
<b>Other financing sources (uses):</b>				
Advances in	70,310	70,310	70,310	-
Advances out	(500,000)	(27,910)	(27,910)	-
Refund of prior year expenditures	-	63,410	63,410	-
<b>Total other financing sources (uses)</b>	<u>(429,690)</u>	<u>105,810</u>	<u>105,810</u>	<u>-</u>
Net change in fund balance	549,895	2,000,878	2,000,878	-
Fund balance, beginning of year	8,702,881	8,702,881	8,702,881	
Prior year encumbrances appropriated	472,153	472,153	472,153	
Fund balance, end of year	\$ <u>9,724,929</u>	<u>11,175,912</u>	<u>11,175,912</u>	

See accompanying notes to required supplemental information.

# TALAWANDA SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information

Year Ended June 30, 2008

## Note A Budgetary Basis of Accounting

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

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

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

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

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

Net change in fund balance - GAAP Basis	\$	<u>1,840,154</u>
Increase / (decrease):		
Due to revenues		(348,177)
Due to expenditures		543,219
Due to other sources (uses)		105,810
Due to encumbrances		<u>(140,128)</u>
Net change in fund balance - Budget Basis	\$	<u>2,000,878</u>

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SUPPLEMENTAL SECTION  
COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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## *Talawanda School District, Ohio*

### **Non-major Special Revenue Funds:**

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

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

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

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

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

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

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

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

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

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

## *Talawanda School District, Ohio*

### **Non-major Special Revenue Funds (continued):**

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

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

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

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

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

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

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

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

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

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

## *Talawanda School District, Ohio*

### **Non-major Debt Service Fund:**

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

### **Non-major Capital Projects Funds:**

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

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

The **Building Construction Fund** accounts the activity related to the construction of a new elementary school.

The **School Net Fund** accounts for capital grants from the state for technology.

### **Private-Purpose Trust Funds and Agency Funds:**

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

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

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

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

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

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**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 705,132	562,985	1,202,188	2,470,305
Net receivables:				
Taxes	-	774,655	1,336,080	2,110,735
Accounts	1,315	-	-	1,315
Accrued interest	308	-	-	308
Intergovernmental	236,467	-	-	236,467
Supplies inventory	12,600	-	-	12,600
<b>Total assets</b>	<u>955,822</u>	<u>1,337,640</u>	<u>2,538,268</u>	<u>4,831,730</u>
<b>Liabilities:</b>				
Accounts payable	24,210	-	-	24,210
Accrued wages and benefits	211,067	-	-	211,067
Pension obligation payable	28,426	-	-	28,426
Deferred revenue	135,238	745,655	1,286,080	2,166,973
Interfund payable	27,910	-	-	27,910
<b>Total liabilities</b>	<u>426,851</u>	<u>745,655</u>	<u>1,286,080</u>	<u>2,458,586</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	37,389	-	189,688	227,077
Supplies inventory	12,600	-	-	12,600
Property taxes	-	29,000	50,000	79,000
Debt service	-	562,985	-	562,985
Unreserved, reported in:				
Special Revenue Funds	478,982	-	-	478,982
Capital Projects Funds	-	-	1,012,500	1,012,500
<b>Total fund balances</b>	<u>528,971</u>	<u>591,985</u>	<u>1,252,188</u>	<u>2,373,144</u>
<b>Total liabilities and fund balances</b>	\$ <u>955,822</u>	<u>1,337,640</u>	<u>2,538,268</u>	<u>4,831,730</u>

## TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ -	643,471	1,139,716	1,783,187
Charges for services	844,151	-	-	844,151
Interest	7,358	-	-	7,358
Intergovernmental	1,741,795	69,497	143,130	1,954,422
Other local revenues	350,381	-	45,959	396,340
<b>Total revenues</b>	<u>2,943,685</u>	<u>712,968</u>	<u>1,328,805</u>	<u>4,985,458</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	287,460	-	372,110	659,570
Special education	453,268	-	-	453,268
Other instruction	129	-	-	129
Support services:				
Pupil	629,616	-	-	629,616
Instructional staff	158,039	-	-	158,039
Administration	139,229	-	-	139,229
Fiscal	-	10,890	18,779	29,669
Non-instructional services:				
Community services	47,873	-	-	47,873
Extracurricular activities	163,315	-	25,996	189,311
Food services	1,037,531	-	-	1,037,531
Capital outlay	-	-	438,855	438,855
Debt service:				
Principal	-	270,000	144,000	414,000
Interest and fiscal charges	-	302,806	144,571	447,377
<b>Total expenditures</b>	<u>2,916,460</u>	<u>583,696</u>	<u>1,144,311</u>	<u>4,644,467</u>
Net change in fund balances	27,225	129,272	184,494	340,991
Fund balance, beginning of year	501,746	462,713	1,067,694	2,032,153
Fund balance, end of year	\$ <u>528,971</u>	<u>591,985</u>	<u>1,252,188</u>	<u>2,373,144</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2008

	Public School Support	Athletic	Auxiliary Service	Entry Year Teacher
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 99,759	58,253	14,690	929
Net receivables:				
Accounts	1,315	-	-	-
Accrued interest	-	-	-	-
Intergovernmental	-	-	-	-
Supplies inventory	-	-	-	-
<b>Total assets</b>	<u>101,074</u>	<u>58,253</u>	<u>14,690</u>	<u>929</u>
<b>Liabilities:</b>				
Accounts payable	479	2,066	10,871	-
Accrued wages and benefits	-	-	-	-
Pension obligation payable	-	-	-	-
Deferred revenue	-	-	-	-
Interfund payable	-	-	-	-
<b>Total liabilities</b>	<u>479</u>	<u>2,066</u>	<u>10,871</u>	<u>-</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	1,996	6,046	1,108	-
Supplies inventory	-	-	-	-
Unreserved-undesignated	<u>98,599</u>	<u>50,141</u>	<u>2,711</u>	<u>929</u>
<b>Total fund balances</b>	<u>100,595</u>	<u>56,187</u>	<u>3,819</u>	<u>929</u>
<b>Total liabilities and fund balances</b>	<u>\$ 101,074</u>	<u>58,253</u>	<u>14,690</u>	<u>929</u>

<u>Management Information Systems</u>	<u>State Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>High Schools That Work</u>	<u>Poverty Based Assistance</u>	<u>Title VIB</u>
-	9,000	790	46	-	5,575
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	94,991
-	-	-	-	-	-
<u>-</u>	<u>9,000</u>	<u>790</u>	<u>46</u>	<u>-</u>	<u>100,566</u>
-	-	-	-	-	5,221
-	-	-	-	-	62,131
-	-	-	-	-	5,194
-	-	-	-	-	41,200
-	-	-	-	-	13,996
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,742</u>
-	-	-	-	-	1,104
-	-	-	-	-	-
<u>-</u>	<u>9,000</u>	<u>790</u>	<u>46</u>	<u>-</u>	<u>(28,280)</u>
<u>-</u>	<u>9,000</u>	<u>790</u>	<u>46</u>	<u>-</u>	<u>(27,176)</u>
<u>-</u>	<u>9,000</u>	<u>790</u>	<u>46</u>	<u>-</u>	<u>100,566</u>

(Continued)

**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Balance Sheet (continued)

Nonmajor Special Revenue Funds

June 30, 2008

	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>EHA Preschool Handicapped</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 297	-	149	-
Net receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Intergovernmental	107,858	1,993	2,116	1,303
Supplies and inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>108,155</u>	<u>1,993</u>	<u>2,265</u>	<u>1,303</u>
<b>Liabilities:</b>				
Accounts payable	-	-	-	-
Accrued wages and benefits	58,586	-	887	1,404
Pension obligation payable	3,826	454	408	156
Deferred revenue	72,694	79	1,210	358
Interfund loans payable	<u>12,984</u>	<u>45</u>	<u>-</u>	<u>539</u>
<b>Total liabilities</b>	<u>148,090</u>	<u>578</u>	<u>2,505</u>	<u>2,457</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	-	-	-	-
Supplies inventory	-	-	-	-
Unreserved-undesignated	<u>(39,935)</u>	<u>1,415</u>	<u>(240)</u>	<u>(1,154)</u>
<b>Total fund balances</b>	<u>(39,935)</u>	<u>1,415</u>	<u>(240)</u>	<u>(1,154)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 108,155</u>	<u>1,993</u>	<u>2,265</u>	<u>1,303</u>

<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u><b>TOTAL</b></u>
2,977	2,366	88,904	235,296	186,101	705,132
-	-	-	-	-	1,315
-	-	-	308	-	308
26,930	1,276	-	-	-	236,467
-	-	-	12,600	-	12,600
<u>29,907</u>	<u>3,642</u>	<u>88,904</u>	<u>248,204</u>	<u>186,101</u>	<u>955,822</u>
-	2,363	1,467	1,417	326	24,210
18,359	-	-	69,700	-	211,067
1,018	212	-	17,158	-	28,426
18,421	1,276	-	-	-	135,238
-	346	-	-	-	27,910
<u>37,798</u>	<u>4,197</u>	<u>1,467</u>	<u>88,275</u>	<u>326</u>	<u>426,851</u>
181	-	1,101	23,145	2,708	37,389
-	-	-	12,600	-	12,600
<u>(8,072)</u>	<u>(555)</u>	<u>86,336</u>	<u>124,184</u>	<u>183,067</u>	<u>478,982</u>
<u>(7,891)</u>	<u>(555)</u>	<u>87,437</u>	<u>159,929</u>	<u>185,775</u>	<u>528,971</u>
<u>29,907</u>	<u>3,642</u>	<u>88,904</u>	<u>248,204</u>	<u>186,101</u>	<u>955,822</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2008

	<u>Permanent Improvement</u>	<u>Building Construction</u>	<u>School Net</u>	<u><b>TOTAL</b></u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 744,948	434,034	23,206	1,202,188
Receivables:				
Taxes	<u>1,336,080</u>	<u>-</u>	<u>-</u>	<u>1,336,080</u>
<b>Total assets</b>	<u><u>2,081,028</u></u>	<u><u>434,034</u></u>	<u><u>23,206</u></u>	<u><u>2,538,268</u></u>
<b>Liabilities:</b>				
Deferred revenue	<u>1,286,080</u>	<u>-</u>	<u>-</u>	<u>1,286,080</u>
<b>Total liabilities</b>	<u><u>1,286,080</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,286,080</u></u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	188,518	1,170	-	189,688
Property taxes	50,000	-	-	50,000
Unreserved-undesignated	<u>556,430</u>	<u>432,864</u>	<u>23,206</u>	<u>1,012,500</u>
<b>Total fund balances</b>	<u><u>794,948</u></u>	<u><u>434,034</u></u>	<u><u>23,206</u></u>	<u><u>1,252,188</u></u>
<b>Total liabilities and fund balances</b> \$	<u><u>2,081,028</u></u>	<u><u>434,034</u></u>	<u><u>23,206</u></u>	<u><u>2,538,268</u></u>

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**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Nonmajor Special Revenue Funds  
Year Ended June 30, 2008

	Public School Support	Athletic	Auxiliary Service	Entry Year Teacher
<b>Revenues:</b>				
Charges for services	-	-	-	-
Interest	-	-	-	-
Intergovernmental	-	-	39,783	3,200
Other local revenues	138,146	104,701	-	-
<b>Total revenues</b>	<u>138,146</u>	<u>104,701</u>	<u>39,783</u>	<u>3,200</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	-	-	2,271
Special education	-	-	-	-
Other instruction	-	-	-	-
Support services:				
Pupil	120,752	-	-	-
Instructional staff	34,014	-	-	1,949
Administration	-	-	-	-
Non-instructional services:				
Community services	-	-	37,112	-
Extracurricular activities	-	97,167	-	-
Food services	-	-	-	-
<b>Total expenditures</b>	<u>154,766</u>	<u>97,167</u>	<u>37,112</u>	<u>4,220</u>
Net change in fund balances	(16,620)	7,534	2,671	(1,020)
Fund balance, beginning of year	117,215	48,653	1,148	1,949
Fund balance, end of year	<u>\$ 100,595</u>	<u>56,187</u>	<u>3,819</u>	<u>929</u>

<u>Management Information Systems</u>	<u>State Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>High Schools That Work</u>	<u>Poverty Based Assistance</u>
-	-	-	-	-
-	-	-	-	-
9,873	15,000	2,970	8,400	22,886
-	-	-	-	-
<u>9,873</u>	<u>15,000</u>	<u>2,970</u>	<u>8,400</u>	<u>22,886</u>
-	-	1,741	11,875	-
-	-	-	-	35,250
-	-	-	-	-
-	6,000	-	-	-
16,527	-	-	-	-
-	-	485	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>16,527</u>	<u>6,000</u>	<u>2,226</u>	<u>11,875</u>	<u>35,250</u>
(6,654)	9,000	744	(3,475)	(12,364)
<u>6,654</u>	<u>-</u>	<u>46</u>	<u>3,521</u>	<u>12,364</u>
<u>-</u>	<u>9,000</u>	<u>790</u>	<u>46</u>	<u>-</u>

(Continued)

**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Continued)

All Nonmajor Special Revenue Funds

Year Ended June 30, 2008

	<u>Title VIB</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>
<b>Revenues:</b>				
Charges for services	-	-	-	-
Interest	-	-	-	-
Intergovernmental	725,264	383,973	7,046	8,164
Other local revenues	-	-	-	-
<b>Total revenues</b>	<u>725,264</u>	<u>383,973</u>	<u>7,046</u>	<u>8,164</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	-	5,700	-
Special education	29,928	375,943	-	-
Other instruction	129	-	-	-
Support services:				
Pupil	495,012	-	-	7,852
Instructional staff	73,746	21,148	-	-
School administration	138,744	-	-	-
Non-instructional services:				
Community services	-	10,525	-	-
Extracurricular activities	-	-	-	-
Food services	-	-	-	-
<b>Total expenditures</b>	<u>737,559</u>	<u>407,616</u>	<u>5,700</u>	<u>7,852</u>
Net change in fund balances	(12,295)	(23,643)	1,346	312
Fund balance, beginning of year	(14,881)	(16,292)	69	(552)
Fund balance, end of year	<u>\$ (27,176)</u>	<u>(39,935)</u>	<u>1,415</u>	<u>(240)</u>

<u>EHA Preschool Handicapped</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u><b>TOTAL</b></u>
-	-	-	-	678,006	166,145	844,151
-	-	-	-	7,358	-	7,358
11,979	122,816	3,969	-	376,472	-	1,741,795
-	-	-	96,523	11,011	-	350,381
<u>11,979</u>	<u>122,816</u>	<u>3,969</u>	<u>96,523</u>	<u>1,072,847</u>	<u>166,145</u>	<u>2,943,685</u>
-	112,053	5,893	-	-	147,927	287,460
12,147	-	-	-	-	-	453,268
-	-	-	-	-	-	129
-	-	-	-	-	-	629,616
-	10,655	-	-	-	-	158,039
-	-	-	-	-	-	139,229
-	-	236	-	-	-	47,873
-	-	-	66,148	-	-	163,315
-	-	-	-	1,037,531	-	1,037,531
<u>12,147</u>	<u>122,708</u>	<u>6,129</u>	<u>66,148</u>	<u>1,037,531</u>	<u>147,927</u>	<u>2,916,460</u>
(168)	108	(2,160)	30,375	35,316	18,218	27,225
(986)	(7,999)	1,605	57,062	124,613	167,557	501,746
<u>(1,154)</u>	<u>(7,891)</u>	<u>(555)</u>	<u>87,437</u>	<u>159,929</u>	<u>185,775</u>	<u>528,971</u>

# TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Nonmajor Capital Projects Funds  
Year Ended June 30, 2008

	<u>Permanent Improvement</u>	<u>Building Construction</u>	<u>School Net</u>	<u><b>TOTAL</b></u>
<b>Revenues:</b>				
Taxes	\$ 1,139,716	-	-	1,139,716
Intergovernmental	119,924	-	23,206	143,130
Miscellaneous	-	45,959	-	45,959
<b>Total revenues</b>	<u>1,259,640</u>	<u>45,959</u>	<u>23,206</u>	<u>1,328,805</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	372,110	-	-	372,110
Support services:				
Fiscal	18,779	-	-	18,779
Capital outlay	304,591	134,264	-	438,855
Extracurricular activities	25,996	-	-	25,996
Debt service:				
Principal	144,000	-	-	144,000
Interest and fiscal charges	144,571	-	-	144,571
<b>Total expenditures</b>	<u>1,010,047</u>	<u>134,264</u>	<u>-</u>	<u>1,144,311</u>
Net change in fund balances	249,593	(88,305)	23,206	184,494
Fund balance, beginning of year	545,355	522,339	-	1,067,694
Fund balance, end of year	<u>\$ 794,948</u>	<u>434,034</u>	<u>23,206</u>	<u>1,252,188</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Public School Support Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 134,956	134,956	-
Total revenues	<u>134,956</u>	<u>134,956</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupils	119,903	119,903	-
Instructional staff	<u>36,823</u>	<u>36,823</u>	<u>-</u>
Total expenditures	<u>156,726</u>	<u>156,726</u>	<u>-</u>
Net change in fund balance	(21,770)	(21,770)	-
Fund balance, beginning of year	115,981	115,981	
Prior year encumbrances appropriated	<u>3,073</u>	<u>3,073</u>	
Fund balance, end of year	\$ <u><u>97,284</u></u>	<u><u>97,284</u></u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Athletic Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 104,701	104,701	-
Total revenues	<u>104,701</u>	<u>104,701</u>	<u>-</u>
Expenditures:			
Current:			
Extracurricular activities	103,118	103,118	-
Total expenditures	<u>103,118</u>	<u>103,118</u>	<u>-</u>
Net change in fund balance	1,583	1,583	-
Fund balance, beginning of year	44,814	44,814	
Prior year encumbrances appropriated	<u>3,839</u>	<u>3,839</u>	
Fund balance, end of year	\$ <u>50,236</u>	<u>50,236</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Auxiliary Services Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 39,783	39,783	-
Total revenues	<u>39,783</u>	<u>39,783</u>	<u>-</u>
Expenditures:			
Current:			
Community services	38,220	38,220	-
Total expenditures	<u>38,220</u>	<u>38,220</u>	<u>-</u>
Net change in fund balance	1,563	1,563	-
Fund balance, beginning of year	1,048	1,048	
Prior year encumbrances appropriated	<u>100</u>	<u>100</u>	
Fund balance, end of year	\$ <u>2,711</u>	<u>2,711</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Entry Year Teacher Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 3,200	3,200	-
Total revenues	<u>3,200</u>	<u>3,200</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,271	2,271	-
Support services:			
Instructional staff	<u>1,949</u>	<u>1,949</u>	<u>-</u>
Total expenditures	<u>4,220</u>	<u>4,220</u>	<u>-</u>
Net change in fund balance	(1,020)	(1,020)	-
Fund balance, beginning of year	1,949	1,949	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>929</u>	<u>929</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Management Information Systems Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ <u>9,873</u>	<u>9,873</u>	<u>-</u>
Total revenues	<u>9,873</u>	<u>9,873</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	<u>16,527</u>	<u>16,527</u>	<u>-</u>
Total expenditures	<u>16,527</u>	<u>16,527</u>	<u>-</u>
Net change in fund balance	(6,654)	(6,654)	-
Fund balance, beginning of year	6,654	6,654	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

State Connectivity Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 15,000	15,000	-
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Pupil	6,000	6,000	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balance	9,000	9,000	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>9,000</u></u>	<u><u>9,000</u></u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Professional Development Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 2,970	2,970	-
Total revenues	<u>2,970</u>	<u>2,970</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,741	1,741	-
Support services:			
Administration	485	485	-
Total expenditures	<u>2,226</u>	<u>2,226</u>	<u>-</u>
Net change in fund balance	744	744	-
Fund balance, beginning of year	46	46	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>790</u>	<u>790</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

High Schools That Work Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 17,400	17,400	-
Total revenues	<u>17,400</u>	<u>17,400</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>13,731</u>	<u>13,731</u>	<u>-</u>
Total expenditures	<u>13,731</u>	<u>13,731</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>3,669</u>	<u>3,669</u>	<u>-</u>
Other financing sources (uses):			
Advances out	<u>(7,145)</u>	<u>(7,145)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,145)</u>	<u>(7,145)</u>	<u>-</u>
Net change in fund balance	(3,476)	(3,476)	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>3,522</u>	<u>3,522</u>	
Fund balance, end of year	\$ <u>46</u>	<u>46</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Poverty Based Assistance Fund  
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 22,886	22,886	-
Total revenues	<u>22,886</u>	<u>22,886</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special education	35,250	35,250	-
Total expenditures	<u>35,250</u>	<u>35,250</u>	<u>-</u>
Net change in fund balance	(12,364)	(12,364)	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>12,364</u>	<u>12,364</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Title VIB Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 729,836	729,836	-
Total revenues	<u>729,836</u>	<u>729,836</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special education	31,160	31,160	-
Support Services:			
Pupil	483,482	483,482	-
Instructional staff	65,904	65,904	-
Administration	157,516	157,516	-
Total expenditures	<u>738,062</u>	<u>738,062</u>	<u>-</u>
Excess of revenues over expenditures	(8,226)	(8,226)	-
Other financing sources (uses):			
Advances in	13,996	13,996	-
Advances out	(6,498)	(6,498)	-
Total other financing sources (uses)	<u>7,498</u>	<u>7,498</u>	<u>-</u>
Net change in fund balance	(728)	(728)	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>728</u>	<u>728</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Title I Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 415,092	415,092	-
Total revenues	<u>415,092</u>	<u>415,092</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	365,744	365,744	-
Support Services:			
Instructional staff	22,401	22,401	-
Community services	10,525	10,525	-
Total expenditures	<u>398,670</u>	<u>398,670</u>	<u>-</u>
Excess of revenues over (under) expenditures	16,422	16,422	-
Other financing sources (uses):			
Advances in	12,984	12,984	-
Advances out	<u>(35,961)</u>	<u>(35,961)</u>	-
Total other financing sources (uses)	<u>(22,977)</u>	<u>(22,977)</u>	<u>-</u>
Net change in fund balance	(6,555)	(6,555)	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>6,852</u>	<u>6,852</u>	
Fund balance, end of year	\$ <u>297</u>	<u>297</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Title VI Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 5,132	5,132	-
Total revenues	<u>5,132</u>	<u>5,132</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>5,370</u>	<u>5,370</u>	<u>-</u>
Total expenditures	<u>5,370</u>	<u>5,370</u>	<u>-</u>
Excess of revenues over (under) expenditures	(238)	(238)	-
Other financing sources (uses):			
Advances in	<u>46</u>	<u>46</u>	<u>-</u>
Total other financing sources (uses)	<u>46</u>	<u>46</u>	<u>-</u>
Net change in fund balance	(192)	(192)	-
Fund balance, beginning of year	156	156	
Prior year encumbrances appropriated	<u>36</u>	<u>36</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Drug Free Schools Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 7,258	7,258	-
Total revenues	<u>7,258</u>	<u>7,258</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupil	7,505	7,505	-
Total expenditures	<u>7,505</u>	<u>7,505</u>	<u>-</u>
Net change in fund balance	(247)	(247)	-
Fund balance, beginning of year	396	396	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>149</u>	<u>149</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

EHA Preschool Handicapped Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 13,375	13,375	-
Total revenues	<u>13,375</u>	<u>13,375</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special education	12,734	12,734	-
Total expenditures	<u>12,734</u>	<u>12,734</u>	<u>-</u>
Excess of revenues over (under) expenditures	641	641	-
Other financing sources:			
Advances in	539	539	-
Advances out	<u>(1,180)</u>	<u>(1,180)</u>	<u>-</u>
Total other financing sources (uses)	<u>(641)</u>	<u>(641)</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Class Size Reduction Grant Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 138,623	138,623	-
Total revenues	<u>138,623</u>	<u>138,623</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	111,919	111,919	-
Support Services:			
Instructional staff	<u>13,623</u>	<u>13,623</u>	<u>-</u>
Total expenditures	<u>125,542</u>	<u>125,542</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>13,081</u>	<u>13,081</u>	<u>-</u>
Other financing sources (uses):			
Advances out	<u>(10,286)</u>	<u>(10,286)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,286)</u>	<u>(10,286)</u>	<u>-</u>
Net change in fund balance	2,795	2,795	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>2,795</u>	<u>2,795</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous Federal Grants Fund

Year Ended June 30, 2008

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 3,969	3,969	-
Total revenues	<u>3,969</u>	<u>3,969</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,685	5,685	-
Community services	236	236	-
Total expenditures	<u>5,921</u>	<u>5,921</u>	<u>-</u>
Excess of revenues over (under) expenditures	(1,952)	(1,952)	-
Other financing sources:			
Advances in	346	346	-
Total other financing sources (uses)	<u>346</u>	<u>346</u>	<u>-</u>
Net change in fund balance	(1,606)	(1,606)	-
Fund balance, beginning of year	1,606	1,606	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Special Revenue Fund

Year Ended June 30, 2008

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Earnings on investments	\$ 47	47	-
Other local revenues	76,238	76,238	
Intergovernmental	20,375	20,375	-
Total revenues	<u>96,660</u>	<u>96,660</u>	<u>-</u>
Expenditures:			
Current:			
Extracurricular	68,659	68,659	-
Total expenditures	<u>68,659</u>	<u>68,659</u>	<u>-</u>
Excess of revenues over (under) expenditures	28,001	28,001	-
Other financing sources (uses):			
Advances out	(5,986)	(5,986)	-
Total other financing sources (uses)	<u>(5,986)</u>	<u>(5,986)</u>	<u>-</u>
Net change in fund balance	22,015	22,015	-
Fund balance, beginning of year	55,508	55,508	
Prior year encumbrances appropriated	<u>8,901</u>	<u>8,901</u>	
Fund balance, end of year	\$ <u>86,424</u>	<u>86,424</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Food Service Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Charges for services	\$ 689,565	689,565	-
Earnings on investments	7,853	7,853	-
Intergovernmental	<u>382,230</u>	<u>382,230</u>	-
Total revenues	<u>1,079,648</u>	<u>1,079,648</u>	-
Expenditures:			
Current:			
Food services	<u>1,021,349</u>	<u>1,021,349</u>	-
Total expenditures	<u>1,021,349</u>	<u>1,021,349</u>	-
Net change in fund balance	58,299	58,299	-
Fund balance, beginning of year	112,715	112,715	
Prior year encumbrances appropriated	<u>41,062</u>	<u>41,062</u>	
Fund balance, end of year	\$ <u>212,076</u>	<u>212,076</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Uniform School Supplies Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Charges for services	\$ 166,145	166,145	-
Total revenues	<u>166,145</u>	<u>166,145</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	151,722	151,722	-
Total expenditures	<u>151,722</u>	<u>151,722</u>	<u>-</u>
Net change in fund balance	14,423	14,423	-
Fund balance, beginning of year	164,941	164,941	
Prior year encumbrances appropriated	<u>3,703</u>	<u>3,703</u>	
Fund balance, end of year	\$ <u>183,067</u>	<u>183,067</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Debt Service Fund

Year Ended June 30, 2008

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$ 640,671	640,671	-
Intergovernmental	69,497	69,497	-
Total revenues	<u>710,168</u>	<u>710,168</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Fiscal	10,890	10,890	-
Debt service:			
Repayment of debt	572,806	572,806	-
Total expenditures	<u>583,696</u>	<u>583,696</u>	<u>-</u>
Net change in fund balance	126,472	126,472	-
Fund balance, beginning of year	436,514	436,514	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	<u>\$ 562,986</u>	<u>562,986</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Permanent Improvement Fund

Year Ended June 30, 2008

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$ 1,105,016	1,105,016	-
Intergovernmental	119,924	119,924	-
Total revenues	<u>1,224,940</u>	<u>1,224,940</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	394,458	394,458	-
Support services:			
Fiscal	18,779	18,779	-
Extracurricular activities	55,906	55,906	-
Capital outlay	454,520	454,520	-
Debt service:			
Repayment of debt	288,571	288,571	-
Total expenditures	<u>1,212,234</u>	<u>1,212,234</u>	<u>-</u>
Net change in fund balance	12,706	12,706	-
Fund balance, beginning of year	479,484	479,484	
Prior year encumbrances appropriated	64,240	64,240	
Fund balance, end of year	<u>\$ 556,430</u>	<u>556,430</u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Building Fund

Year Ended June 30, 2008

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other local revenues	\$ 45,959	45,959	-
Total revenues	<u>45,959</u>	<u>45,959</u>	<u>-</u>
Expenditures:			
Capital outlay	183,215	183,215	-
Total expenditures	<u>183,215</u>	<u>183,215</u>	<u>-</u>
Net change in fund balance	(137,256)	(137,256)	-
Fund balance, beginning of year	412,396	412,396	
Prior year encumbrances appropriated	<u>157,724</u>	<u>157,724</u>	
Fund balance, end of year	\$ <u><u>432,864</u></u>	<u><u>432,864</u></u>	

**TALAWANDA SCHOOL DISTRICT, OHIO**

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

Schoolnet Fund

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 23,206	23,206	-
Total revenues	<u>23,206</u>	<u>23,206</u>	<u>-</u>
Expenditures:			
Support services:			
Instructional staff	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	23,206	23,206	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>23,206</u></u>	<u><u>23,206</u></u>	

# TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Net Assets

Agency Funds

June 30, 2008

	<u>Agency Funds</u>		
	<u>Student</u>	<u>Unclaimed</u>	<u>Total</u>
	<u>Activities</u>	<u>Monies</u>	
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 80,155	16,019	96,174
Total assets	<u>80,155</u>	<u>16,019</u>	<u>96,174</u>
<b>Liabilities:</b>			
Due to student groups	80,155	-	80,155
Due to others	-	16,019	16,019
Total liabilities	<u>\$ 80,155</u>	<u>16,019</u>	<u>96,174</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2008

	Beginning Balance 7/1/07	Additions	Deductions	Ending Balance 6/30/08
<b>STUDENT ACTIVITIES FUND</b>				
<b>Assets:</b>				
Equity in pooled cash and investments \$	<u>79,632</u>	<u>119,323</u>	<u>118,800</u>	<u>80,155</u>
<b>Liabilities:</b>				
Due to student groups	<u>79,632</u>	<u>119,323</u>	<u>118,800</u>	<u>80,155</u>
<hr/>				
<b>UNCLAIMED MONIES FUND</b>				
<b>Assets:</b>				
Equity in pooled cash and investments	<u>15,580</u>	<u>439</u>	<u>-</u>	<u>16,019</u>
<b>Liabilities:</b>				
Due to others	<u>15,580</u>	<u>439</u>	<u>-</u>	<u>16,019</u>
<hr/>				
<b>TOTAL</b>				
<b>Assets:</b>				
Equity in pooled cash and investments	<u>95,212</u>	<u>119,762</u>	<u>118,800</u>	<u>96,174</u>
<b>Liabilities:</b>				
Due to others	15,580	439	-	16,019
Due to student groups	<u>79,632</u>	<u>119,323</u>	<u>118,800</u>	<u>80,155</u>
\$	<u>95,212</u>	<u>119,762</u>	<u>118,800</u>	<u>96,174</u>

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# Statistical Section



**(Bogan Elementary Groundbreaking)**

# Statistical Section

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

## **Contents**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Economic and Demographic Information**

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

### **Operating Information**

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

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Invested in Capital Assets, Net of Related Debt	\$10,627,075	\$10,478,157	\$11,225,988	\$10,925,808	\$9,960,126	\$9,256,296
Restricted for:						
Capital Projects	413,761	696,138	344,548	405,075	537,139	465,878
Other Purposes	73,847	881,506	564,594	733,128	792,700	666,546
Unrestricted (Deficit)	<u>5,909,104</u>	<u>5,452,697</u>	<u>4,570,756</u>	<u>7,187,878</u>	<u>8,854,255</u>	<u>10,922,468</u>
<b>Total Net Assets</b>	<u>\$17,023,787</u>	<u>\$17,508,498</u>	<u>\$16,705,886</u>	<u>\$19,251,889</u>	<u>\$20,144,220</u>	<u>\$21,311,188</u>

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

	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Regular Instruction	\$11,790,964	\$12,199,833	\$12,926,007	\$13,099,550	\$13,914,317	\$14,505,019
Special Instruction	2,406,330	2,404,457	2,597,261	2,383,506	2,625,418	2,752,263
Adult/continuing	488,355	602,424	640,640	1,161,589	1,060,583	1,232,110
Pupil Support	1,344,517	1,432,903	1,475,051	1,402,300	1,735,100	1,790,980
Instructional Staff Support	1,575,132	1,690,626	1,775,739	1,851,673	1,808,410	2,015,200
Board of Education	135,331	60,937	85,720	37,029	107,231	59,448
Administration	1,465,644	1,696,618	1,727,932	1,845,575	1,988,368	2,143,346
Fiscal	650,892	677,861	758,058	866,779	1,013,792	1,159,110
Business	6,494	5,126	5,855	7,778	12,122	7,691
Operation and Maintenance of Plant	3,191,220	3,142,722	2,937,568	3,045,403	3,678,198	3,555,261
Pupil Transportation	1,711,053	1,824,684	1,904,205	1,985,823	2,053,020	2,593,052
Central	30,863	36,554	115,561	104,377	96,650	103,191
Extracurricular Activities	537,695	561,621	675,887	462,902	648,550	785,993
Community Service	35,366	61,113	34,874	34,026	78,708	57,933
Food Service	940,521	1,009,979	1,072,859	1,066,655	1,150,745	1,122,373
Interest and Fiscal Charges	15,470	86,488	545,755	471,917	602,893	441,994
<b>Total Expenses</b>	<b>26,325,847</b>	<b>27,493,946</b>	<b>29,278,972</b>	<b>29,826,882</b>	<b>32,574,105</b>	<b>34,324,964</b>
<b>Program Revenues</b>						
Charges for Services						
Regular Instruction	\$143,394	\$482,271	\$350,196	\$578,544	\$628,145	\$850,579
Adult/continuing	354,513	0	0	0	0	0
Extracurricular Activities	77,495	73,850	94,141	97,473	91,956	104,701
Food Service	620,749	596,763	614,124	647,018	666,463	678,006
Operating Grants and Contributions						
Regular Instruction	189,939	216,463	260,352	208,976	196,322	185,257
Special Instruction	358,678	462,492	455,663	526,352	426,161	425,574
Adult/continuing	56,867	0	0	0	0	0
Pupil Support	306,659	118,086	197,002	187,169	385,735	486,034
Staff Support	36,783	83,229	177,690	217,601	85,064	99,111
Administration	0	137,288	169,870	149,644	224,879	129,396
Operation and Maintenance of Plant	0	9,696	30,110	0	0	0
Central	89,170	0	28,140	0	0	0
Community Service	0	38,125	43,025	44,222	51,286	49,966
Food Service	259,879	266,885	387,037	349,841	370,290	383,830
Capital Grants and Contributions						
Regular Instruction	2,400	53,872	0	0	0	0
Pupil Transportation	0	0	0	19,745	32,948	17,637
<b>Total Program Revenues</b>	<b>2,496,526</b>	<b>2,539,020</b>	<b>2,807,350</b>	<b>3,026,585</b>	<b>3,159,249</b>	<b>3,410,091</b>
<b>Net Expense</b>	<b>(\$23,829,321)</b>	<b>(\$24,954,926)</b>	<b>(\$26,471,622)</b>	<b>(\$26,800,297)</b>	<b>(\$29,414,856)</b>	<b>(\$30,914,873)</b>

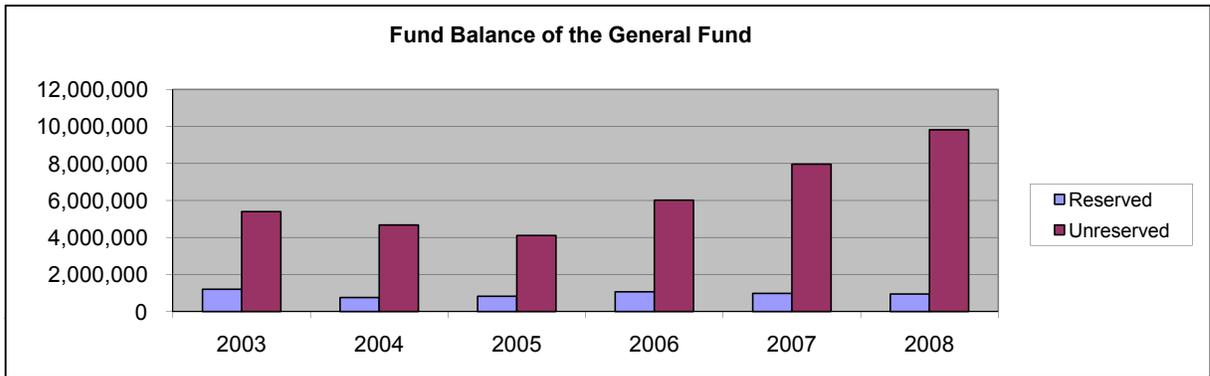
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**Talawanda School District, Ohio**  
**Changes in Net Assets of Governmental Activities (continued)**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes	\$11,120,771	\$12,058,280	\$11,650,378	\$11,782,454	\$11,901,570	\$12,537,988
Debt Services	0	288,772	579,111	605,295	643,036	636,684
Capital Outlay	0	482,092	966,764	1,016,982	1,042,665	1,156,760
Income Taxes Levied for						
General Purposes	0	0	1,220,215	4,659,711	5,237,252	5,735,900
Grants and Entitlements not						
Restricted to Specific Programs	10,737,983	10,739,556	10,339,073	10,256,911	10,299,542	10,709,123
Investment Earnings	256,073	82,640	381,563	567,201	674,980	666,360
Miscellaneous	270,774	405,696	528,598	457,746	508,142	639,026
Gain on Sale of Assets	0	1,382,601	3,308	0	0	0
<b>Total General Revenues</b>	<b>22,385,601</b>	<b>25,439,637</b>	<b>25,669,010</b>	<b>29,346,300</b>	<b>30,307,187</b>	<b>32,081,841</b>
<b>Change in Net Assets</b>	<b>(\$2,569,325)</b>	<b>\$484,711</b>	<b>(\$802,612)</b>	<b>\$2,546,003</b>	<b>\$892,331</b>	<b>\$1,166,968</b>

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

	2003	2004	2005	2006	2007	2008
<b>General Fund</b>						
Reserved	\$1,202,953	\$760,317	\$825,550	\$1,067,052	\$971,964	\$945,894
Unreserved	5,399,072	4,676,957	4,111,966	6,018,585	7,956,289	9,822,513
<b>Total General Fund</b>	<b>6,602,025</b>	<b>5,437,274</b>	<b>4,937,516</b>	<b>7,085,637</b>	<b>8,928,253</b>	<b>10,768,407</b>
<b>All Other Governmental Funds</b>						
Reserved	138,747	11,580,616	9,217,311	1,552,609	737,889	881,662
Unreserved, Undesignated, Reported in:						
Special Revenue Funds	515,305	598,725	414,761	310,003	399,751	478,982
Debt Service Funds	0	0	0	0	0	0
Capital Projects Funds	104,640	(831,845)	(666,646)	1,250,257	894,513	1,012,500
Permanent Funds	0	0	0	0	0	0
<b>Total All Other Governmental Funds</b>	<b>758,692</b>	<b>11,347,496</b>	<b>8,965,426</b>	<b>3,112,869</b>	<b>2,032,153</b>	<b>2,373,144</b>
<b>Total Governmental Funds</b>	<b>\$7,360,717</b>	<b>\$16,784,770</b>	<b>\$13,902,942</b>	<b>\$10,198,506</b>	<b>\$10,960,406</b>	<b>\$13,141,551</b>



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

	2003	2004	2005	2006	2007	2008
<b>Revenues</b>						
Taxes	\$11,120,771	\$12,249,144	\$14,356,228	\$17,991,668	\$18,926,237	\$19,998,357
Tuition and Fees	354,513	325,923	187,228	402,280	472,029	684,434
Interest	240,530	65,085	397,301	597,373	684,668	673,718
Charges for Services	764,143	753,111	777,092	823,282	822,579	844,151
Intergovernmental	11,978,009	12,167,192	11,929,957	11,942,970	12,094,986	12,491,761
Other local revenues	384,548	479,546	622,739	555,219	584,163	757,790
<i>Total Revenues</i>	<u>24,842,514</u>	<u>26,040,001</u>	<u>28,270,545</u>	<u>32,312,792</u>	<u>33,584,662</u>	<u>35,450,211</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	11,420,125	11,825,226	12,097,118	12,424,238	13,067,309	13,444,600
Special	2,314,495	2,388,938	2,502,678	2,329,928	2,583,061	2,677,304
Other	488,355	602,424	640,640	1,161,589	1,060,583	1,232,110
Support Services:						
Pupil	1,339,697	1,428,302	1,429,377	1,381,540	1,726,713	1,775,994
Instructional Staff	1,515,191	1,666,749	1,740,957	1,876,570	1,792,729	1,971,959
Board of Education	135,331	60,937	85,720	37,029	107,231	59,448
Administration	1,500,419	1,672,488	1,652,845	1,848,991	2,000,801	2,028,060
Fiscal	647,193	687,943	742,108	871,036	1,006,915	1,145,868
Business	6,494	5,126	5,855	7,778	12,122	7,691
Operation and Maintenance of Plant	2,420,986	2,398,401	2,656,362	2,881,286	3,035,665	3,084,668
Pupil Transportation	1,701,845	1,786,159	1,865,680	1,961,804	2,012,968	2,553,000
Central	30,863	36,554	115,561	104,377	96,650	103,191
Non-Instructional Services						
Extracurricular Activities	533,932	545,545	660,483	635,618	628,107	777,397
Community service	39,001	67,179	39,836	38,223	69,903	47,873
Food Service	876,951	920,354	985,871	1,000,221	1,082,117	1,037,531
Capital Outlay	800,444	1,005,853	3,710,627	9,300,026	1,620,657	460,995
Debt Service:						
Principal	156,000	413,000	253,680	273,000	313,000	414,000
Bond issuance costs	0	181,012	0	0	0	0
Interest and Fiscal Charges	16,783	17,634	586,209	476,974	608,103	447,377
<i>Total Expenditures</i>	<u>25,944,105</u>	<u>27,709,824</u>	<u>31,771,607</u>	<u>38,610,228</u>	<u>32,824,634</u>	<u>33,269,066</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,101,591)</u>	<u>(1,669,823)</u>	<u>(3,501,062)</u>	<u>(6,297,436)</u>	<u>760,028</u>	<u>2,181,145</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	120,294	114,750	9,309,743	2,416	0	0
Transfers Out	(120,294)	(114,750)	(9,309,743)	(2,416)	0	0
Sale of Assets	0	1,611,301	5,234	0	1,872	0
Proceeds from sale of bonds	0	9,214,680	0	0	0	0
Premium on sale of bonds	0	267,895	0	0	0	0
Proceeds from lease-purchase agreement	250,000	0	614,000	2,593,000	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>11,093,876</u>	<u>619,234</u>	<u>2,593,000</u>	<u>1,872</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(\$851,591)</u>	<u>\$9,424,053</u>	<u>(\$2,881,828)</u>	<u>(\$3,704,436)</u>	<u>\$761,900</u>	<u>\$2,181,145</u>
Debt Service as a Percentage of						
Noncapital Expenditures	0.7%	1.6%	3.0%	2.6%	3.0%	2.6%

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

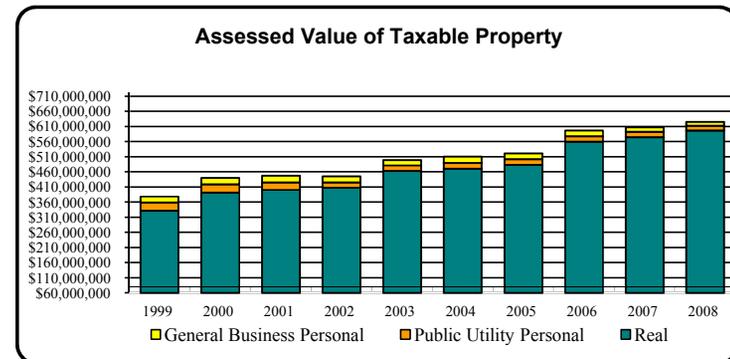
Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total	
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Actual Value
	Residential/Agricultural	Commercial/Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1999	257,999,360	74,192,330	949,119,114	26,801,330	30,456,057	19,383,947	77,535,788	378,376,967	1,057,110,959
2000	307,843,260	83,922,410	1,119,330,486	27,165,400	30,869,773	21,323,679	85,294,716	440,254,749	1,235,494,975
2001	313,653,360	87,035,790	1,144,826,143	25,289,900	28,738,523	20,880,717	83,522,868	446,859,767	1,257,087,534
2002	320,434,190	87,776,040	1,166,314,943	17,465,200	19,846,818	20,010,220	80,040,880	445,685,650	1,266,202,641
2003	361,148,730	101,868,400	1,322,906,086	18,579,010	21,112,511	17,478,223	69,912,892	499,074,363	1,413,931,489
2004	367,351,260	103,641,970	1,345,694,943	18,940,950	21,523,807	20,558,145	82,232,580	510,492,325	1,449,451,330
2005	378,284,130	104,977,420	1,380,747,286	19,372,440	22,014,136	19,137,400	76,549,600	521,771,390	1,479,311,022
2006	445,794,600	113,873,860	1,599,052,743	18,315,710	20,813,307	18,282,388	73,129,552	596,266,558	1,692,995,602
2007	456,707,150	118,528,580	1,643,530,657	17,824,310	20,254,898	14,655,846	58,623,384	607,715,886	1,722,408,939
2008	465,300,660	131,008,890	1,703,741,571	16,151,530	18,354,011	12,995,949	51,983,796	625,457,029	1,774,079,379

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

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

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

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



**Talawanda School District, Ohio**  
**Property Tax Rates**  
(per \$1,000 of assessed value)  
**2006, 2007 & 2008**

	2006	2007	2008
<b>Unvoted Millage</b>			
Operating	2.19	2.19	2.19
Permanent Improvement	2.00	2.00	2.00
Debt	0.00	0.00	0.00
<b>Total unvoted millage by type of property</b>	<b>4.19</b>	<b>4.19</b>	<b>4.19</b>
<b>Voted Millage - by levy</b>			
1976 Operating - continuing			
Residential/Agricultural Real	6.48	6.51	6.52
Commercial/Industrial and Public Utility Real	7.88	7.93	7.94
General Business and Public Utility Personal	24.81	24.81	24.81
1980 Operating - continuing			
Residential/Agricultural Real	2.60	2.60	2.60
Commercial/Industrial and Public Utility Real	2.69	2.71	2.71
General Business and Public Utility Personal	6.90	6.90	6.90
1988 Operating - continuing			
Residential/Agricultural Real	3.65	3.64	3.64
Commercial/Industrial and Public Utility Real	4.08	4.10	4.11
General Business and Public Utility Personal	7.90	7.90	7.90
2000 Operating - continuing			
Residential/Agricultural Real	5.08	5.06	5.05
Commercial/Industrial and Public Utility Real	5.51	5.54	5.55
General Business and Public Utility Personal	6.50	6.50	6.50
2003 Bond Issue - 27 Years			
Residential/Agricultural Real	1.17	1.17	1.15
Commercial/Industrial and Public Utility Real	1.17	1.17	1.15
General Business and Public Utility Personal	1.17	1.17	1.17
<b>Total voted millage by type of property</b>			
Residential/Agricultural Real	18.98	18.98	18.96
Commercial/Industrial and Public Utility Real	21.33	21.45	21.47
General Business and Public Utility Personal	47.28	47.28	47.28
<b>Total Direct Revenue Rate</b>			
Residential/Agricultural Real	23.17	23.17	23.15
Commercial/Industrial and Public Utility Real	25.52	25.64	25.66
General Business and Public Utility Personal	51.47	51.47	51.47
<b>Overlapping Rates by Taxing District</b>			
Township (Hanover/Reily/Oxford/Milford)			
Residential/Agricultural Real	.24-7.39	.24-7.39	.24-7.39
Commercial/Industrial and Public Utility Real	.24-7.64	.24-7.64	.24-7.64
General Business and Public Utility Personal	.24-7.05	.24-7.05	.24-7.05
Oxford City			
Residential/Agricultural Real	9.59	9.59	9.59
Commercial/Industrial and Public Utility Real	6.18	6.18	6.18
General Business and Public Utility Personal	7.64	7.64	7.64
Butler County			
Residential/Agricultural Real	9.44	9.44	9.33
Commercial/Industrial and Public Utility Real	8.40	8.40	10.08
General Business and Public Utility Personal	9.02	9.02	10.45

Notes:

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

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

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

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

**Source:** Butler County Auditor/Treasurer

**Talawanda School District, Ohio**  
**Principal Taxpayers**  
**2007 and 1997 (1)**

Name of Taxpayer	2007	
	Assessed Value	Percent of Real Property Assessed Value
Duke Energy	\$9,449,870	1.51%
Southwestern Ohio	6,980,830	1.12%
D & B Family LTD PRT	4,511,220	0.72%
Butler Rural Electric	4,227,270	0.68%
Wal Mart Real Estate	3,915,450	0.63%
Ogden investments LTD	3,484,500	0.56%
Meijer Stores LTD PRT	3,010,000	0.48%
Brown Road Associates	2,965,440	0.47%
Wish Village LLC	2,848,750	0.46%
Stewart Developers LLC	2,680,690	0.43%
<b>TOTAL</b>	<b>\$44,074,020</b>	<b>7.05%</b>
Total Assessed Valuation	<b>\$625,457,029</b>	

Name of Taxpayer	1997	
	Assessed Value	Percent of Real Property Assessed Value
Cincinnati Gas & Electric	\$13,555,050	3.65%
General Telephone Company	5,551,290	1.49%
First National Bank	3,380,680	0.91%
Meijer, Incorporated	2,883,100	0.78%
Square D, Incorporated	2,740,750	0.74%
K & M Development	2,706,460	0.73%
Cincinnati Bell Telephone	2,542,670	0.68%
Edward Redpath	2,488,900	0.67%
University Commons Partnership	2,016,320	0.54%
Butler Rural Electric	1,886,980	0.51%
<b>Totals</b>	<b>\$39,752,200</b>	<b>10.69%</b>
Total Assessed Valuation	<b>\$371,871,335</b>	

(1) The amounts presented represent the assessed values upon which 2008 and 1998 collections were based.

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

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

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1998	9,573,273	9,421,293	98.41	211,860	9,633,153	100.63
1999	9,717,764	9,464,683	97.40	249,440	9,714,123	99.96
2000	10,059,071	9,813,439	97.56	249,440	10,062,879	100.04
2001	11,795,523	10,019,952	84.95	1,572,990	11,592,942	98.28
2002	13,138,167	11,823,421	89.99	339,349	12,162,770	92.58
2003	14,121,222	12,650,832	89.59	394,681	13,045,513	92.38
2004	14,138,266	14,104,690	99.76	373,061	14,477,751	102.40
2005	14,772,589	14,452,487	97.83	434,495	14,886,982	100.77
2006	15,196,554	14,134,528	93.01	658,609	14,793,137	97.35
2007	15,535,766	14,433,951	92.91	817,401	15,251,352	98.17

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2008 information cannot be presented because all collections have not been made by June 30, 2008.
- (3) The County does not identify delinquent tax collections by tax year.

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

Fiscal Year	Population (1)		General Bonded Debt								General Debt		
			Personal Income	Estimated Actual Value of Taxable Property(2)	General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita	General Bonded Debt Outstanding	Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	Ratio of General Debt to Personal Income	General Debt Per Capita
1999	35,866	a	437,726,688	378,376,967	500,000	0.13%	13.94	500,000	-	500,000	0.13%	0.11%	13.94
2000	35,866	a	463,720,008	440,255,109	410,000	0.09%	11.43	410,000	-	410,000	0.09%	0.09%	11.43
2001	34,968	b	457,759,566	446,859,767	315,000	0.07%	9.01	315,000	-	315,000	0.07%	0.07%	9.01
2002	34,968	b	451,000,434	445,685,650	215,000	0.05%	6.15	215,000	159,000	374,000	0.08%	0.08%	10.70
2003	34,968	b	484,684,771	499,074,363	110,000	0.02%	3.15	110,000	108,000	218,000	0.04%	0.04%	6.23
2004	34,968	b	532,485,795	510,492,325	9,214,680	1.81%	263.52	9,214,680	55,000	9,269,680	1.82%	1.74%	265.09
2005	34,968	b	549,485,732	521,771,390	9,050,000	1.73%	258.81	9,050,000	580,000	9,630,000	1.85%	1.75%	275.39
2006	34,968	b	Not Available	596,266,558	8,865,000	1.49%	253.52	8,865,000	3,085,000	11,950,000	2.00%	N/A	341.74
2007	34,968	b	Not Available	607,715,886	8,640,000	1.42%	247.08	8,640,000	2,997,000	11,637,000	1.91%	N/A	332.79
2008	34,968	b	Not Available	625,457,029	8,370,000	1.34%	239.36	8,370,000	2,853,000	11,223,000	1.79%	N/A	320.95

**Sources:** (1) U.S. Bureau of Census, Census of Population  
(a) 1990 Federal Census  
(b) 2000 Federal Census  
  
(2) Butler County Auditor  
  
(3) Ohio Depart. Of Taxation  
  
School District Records

**Talawanda School District, Ohio**  
**Computation of Direct and Overlapping**  
**Debt Attributable to Governmental Activities**  
**June 30, 2008**

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Butler County	\$5,139,566	7.57%	67,893,870
Preble County	\$10,014	0.50%	2,002,849
Hamilton City	\$1,168,623	3.55%	32,918,972
Oxford City	\$2,975,000	100.00%	2,975,000
Hanover Township	\$73,306	66.40%	110,400
Milford Township	\$70,881	98.76%	71,771
Butler Technology & Career Center	\$181,427	8.66%	2,095,000
Payable from Other Sources:			
Butler County Special Assessment Bonds	\$765,199	7.57%	10,108,310
Preble County Special Assessment Bonds	\$15,975	0.50%	3,195,000
Hamilton City Special Assessment Bonds	\$241,318	3.55%	6,797,674
Oxford City Special Assessment Bonds	<u>\$6,320,000</u>	100.00%	<u>6,320,000</u>
Total Overlapping Debt	\$16,961,309		\$134,488,846
Direct Debt	<u>8,370,000</u>	100.00%	<u>8,370,000</u>
Total Direct and Overlapping Debt	<u><u>\$25,331,309</u></u>		<u><u>\$142,858,846</u></u>

Source: Ohio Municipal Advisory Council

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Valuation	\$378,376,967	\$440,255,109	\$446,859,767	\$445,685,650	\$499,074,363	\$510,492,325	\$521,771,390	\$596,266,558	\$607,715,886	\$625,457,029
Debt Limit - 9% of Taxable Valuation (1)	\$34,053,927	\$39,622,960	\$40,217,379	\$40,111,709	\$44,916,693	\$45,944,309	\$46,959,425	\$53,663,990	\$54,694,430	\$56,291,133
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	500,000	410,000	315,000	215,000	110,000	9,214,680	9,050,000	8,865,000	8,640,000	8,370,000
Less Amount Available in Debt Service	104,469	0	0	0	0	510,492	338,601	399,080	0	0
Amount of Debt Subject to Limit	395,531	410,000	315,000	215,000	110,000	8,704,188	8,711,399	8,465,920	8,640,000	8,370,000
Legal Debt Margin	\$33,658,396	\$39,212,960	\$39,902,379	\$39,896,709	\$44,806,693	\$37,240,121	\$38,248,026	\$45,198,070	\$46,054,430	\$47,921,133
Legal Debt Margin as a Percentage of the Debt Limit	98.84%	98.97%	99.22%	99.46%	99.76%	81.05%	81.45%	84.22%	84.20%	85.13%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$378,377	\$440,255	\$446,860	\$445,686	\$499,074	\$510,492	\$521,771	\$596,267	\$607,716	\$625,457
Amount of Debt Subject to Limit	0	0	0	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$378,377	\$440,255	\$446,860	\$445,686	\$499,074	\$510,492	\$521,771	\$596,267	\$607,716	\$625,457
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Sample County Auditor and School District Financial Records

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

**Note:** The amount of debt presented as subject to the limit should be the balances used to compute the margin as specified by statute, i.e. the gross balances, not amounts that are net of premiums or discounts. On deep discount or capital appreciation bonds, this would be the original issue amount.

**Note:** The definition of tax valuation for the purpose of calculating the debt margin was modified by H.B. 530, effective 3/30/06, to exclude tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

Source: School District Records.

**Talawanda School District, Ohio**  
*Demographic and Economic Statistics*

*Last Ten Years*

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Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
1999	35,866	\$437,726,688	12,205	3.70%
2000	35,866	463,720,008	12,929	3.30%
2001	34,968	457,759,566	13,091	3.20%
2002	34,968	451,000,434	12,898	5.00%
2003	34,968	484,684,771	13,861	4.10%
2004	34,968	532,485,795	15,228	4.30%
2005	34,968	549,955,732	15,727	5.00%
2006*	34,968	0	0	5.90%
2007*	34,968	0	0	4.80%
2008*	34,968	0	0	6.40%

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

\*Information Not Available

**Talawanda School District**  
*Principal Employers*  
*Current Year and Nine Years Ago*

Employer	Nature of Business	2008			1998		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Miami University	Higher Education	3,500	1	34.78%	3,500	1	N/A
McCullough-Hyde Memorial	Medical	500	2	4.97%	410	3	N/A
Talawanda School District	Education	382	3	3.80%	334	4	N/A
Square D Company	Manufacturer	244	4	2.42%	634	2	N/A
Walmart	Discount Retailer	260	5	2.58%	125	6	N/A
Kroger Company	Food Retailer	180	6	1.79%	150	5	N/A
Liberty Matrix of Oxford	Nursing Home	135	7	1.34%	N/A	N/A	N/A
City of Oxford	Municipality	107	8	1.06%	96	7	N/A
McDonalds	Restaurant	76	9	0.76%	68	8	N/A
Total		<u>5,384</u>		<u>53.50%</u>	<u>5,317</u>		<u>N/A</u>
Total Employment within the School District		<u>10,064</u>			<u>N/A</u>		

Source: Oxford Chamber of Commerce & City of Oxford

Note:  
N/A = Information Not Available

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

Function/Program	2004	2005	2006	2007	2008
<b>Regular Instruction</b>					
Elementary Classroom Teachers	61.50	62.00	59.50	59.50	59.50
Secondary School Classroom Teachers	98.50	94.50	92.50	92.50	92.50
<b>Special Instruction</b>					
Elementary Classroom Teachers	9.00	9.00	5.00	5.00	5.00
Gifted Education Teachers	3.00	3.00	3.00	3.00	3.00
Secondary School Classroom Teachers	14.00	14.00	17.50	17.50	17.50
<b>Pupil Support Services</b>					
Guidance Counselors	6.50	6.50	6.50	6.50	6.50
Librarians	5.00	5.00	6.00	6.00	6.00
Psychologists	2.00	2.00	2.00	2.00	2.00
Speech and Language Pathologists	3.00	1.00	2.00	2.00	2.00
Nurse	3.00	3.00	3.00	3.00	3.00
<b>Administrators</b>					
Elementary	3.00	3.00	3.00	3.00	3.00
Secondary	5.00	5.00	5.00	5.00	5.00
<b>Operation of Plant</b>					
Custodians	25.00	22.00	24.00	24.00	24.00
Maintenance	2.00	2.00	2.00	2.00	2.00
<b>Food Service Program</b>					
Elementary Cooks	8.50	8.00	9.00	9.00	9.00
Secondary School Cooks	14.00	15.00	11.00	11.00	11.00

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

Information prior to 2004 is not available.

**Source:** School District Records

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

**Talawanda School District, Ohio**

*Building Statistics*

*Last Five Fiscal Years*

	2004	2005	2006	2007	2008
<b>Talawanda High School</b>					
Constructed in 1957, Renovated in 1960,69,89					
Total Building Square Footage	151,151	151,151	151,151	151,151	151,151
Enrollment Grades 9-12	1,102	1,059	1,051	1,055	1,036
Student Capacity	1,200	1,200	1,200	1,200	1,200
Regular Instruction Classrooms	51	48	47	47	47
Regular Instruction Teachers	51.0	48.0	47.0	47.0	47.0
Special Instruction Classrooms	8	8	10	10	10
Special Instruction Teachers	8.0	8.0	10.0	10.0	10.0
<b>Talawanda Middle School</b>					
Constructed in 1989					
Total Building Square Footage	107,963	107,963	107,963	107,963	107,963
Enrollment Grades 6-8	796	754	723	701	686
Student Capacity	900	900	900	900	900
Regular Instruction Classrooms	48	47	46	46	46
Regular Instruction Teachers	47.5	46.5	45.5	45.5	45.5
Special Instruction Classrooms	7	7	9	9	9
Special Instruction Teachers	7.0	7.0	8.5	8.5	8.5
<b>Kramer Elementary</b>					
Constructed in 1962, Renovated in 1969					
Total Building Square Footage	60,987	60,987	60,987	60,987	60,987
Enrollment Grades PK-5	667	664	685	441	473
Student Capacity	700	700	700	700	700
Regular Instruction Classrooms	35	33	33	33	33
Regular Instruction Teachers	35.0	33.0	33.0	33.0	33.0
Special Instruction Classrooms	4	4	4	4	4
Special Instruction Teachers	4.0	4.0	4.0	4.0	4.0
<b>Marshall Elementary</b>					
Constructed in 1968, Renovated in 1989,97					
Total Building Square Footage	57,297	57,297	57,297	57,297	57,297
Enrollment Grades PK-5	539	595	551	433	462
Student Capacity	600	600	600	600	600
Regular Instruction Classrooms	27	29	27	27	27
Regular Instruction Teachers	26.5	29.0	26.5	26.5	26.5
Special Instruction Classrooms	7	7	3	3	3
Special Instruction Teachers	7.0	7.0	3.0	3.0	3.0
<b>Bogan Elementary</b>					
Constructed in Aug. 2006					
Total Building Square Footage				52,885	52,885
Enrollment Grades K-5				403	418
Student Capacity				504	504
Regular Instruction Classrooms				24	24
Regular Instruction Teachers				25.0	25.0
Special Instruction Classrooms				0	0
Special Instruction Teachers				0.0	0.0

Note: Information not available prior to FY04

**Talawanda School District, Ohio**  
***Operating Statistics***  
***Last Five Fiscal Years***

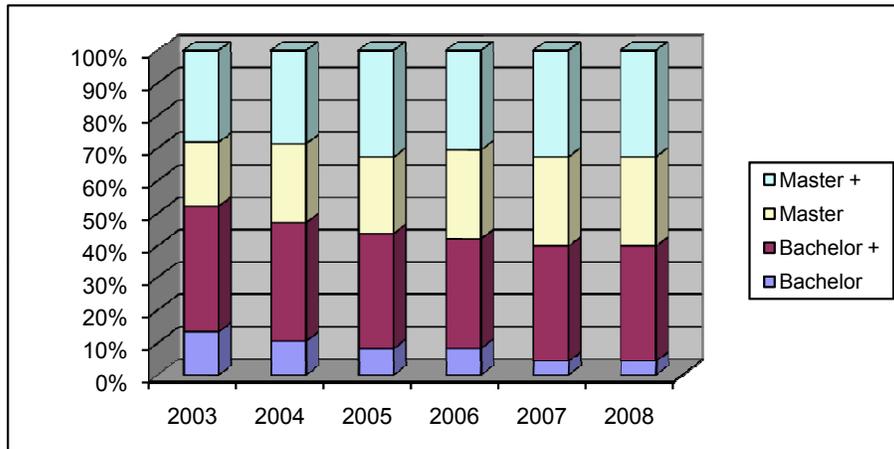
Fiscal Year	Expenses	Enrollment (1)	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2004	\$ 23,765,302	3,104	\$ 7,656	5.59%	227	13.7
2005	24,338,849	3,072	7,923	3.48%	217	14.2
2006	25,333,577	3,010	8,416	6.23%	225	13.4
2007	26,871,753	3,043	8,831	4.92%	208	14.6
2008	28,624,599	3,068	9,330	5.65%	208	14.8

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

N/A = Not Available

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

Degree	2003	2004	2005	2006	2007	2008
Bachelor's Degree	30	24	18	18	9	9
Bachelor + 15	4	6	3	3	5	5
Bachelor + 30	83	77	74	70	69	69
Master's Degree	44	55	51	59	57	57
Master + 15	32	30	34	31	28	28
Master + 30	31	35	37	35	40	40
Total	224	227	217	216	208	208



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



**Mary Taylor, CPA**  
Auditor of State

**TALAWANDA SCHOOL DISTRICT**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 26, 2009**