

**ORANGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

ORANGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures.....	1
Notes to the Schedule of Federal Awards Expenditures	2
Independent Accountants' Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	5
Schedule of Findings.....	7

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**ORANGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$23,335	\$0	\$23,335
National School Lunch Program	N/A	10.555	40,545	0	40,545	0
Total U.S. Department of Agriculture - Nutrition Cluster			40,545	23,335	40,545	23,335
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education: Grants to States	6B-SF-03P	84.027	(427)	0	14,794	0
Special Education: Grants to States	6B-SF-04P	84.027	255,646	0	183,009	0
Special Education: Preschool Grant	PG-S1-03P	84.173	(191)	0	1,485	0
Special Education: Preschool Grant	PG-S1-04P	84.173	15,842	0	15,767	0
Total Special Education Cluster			270,870	0	215,055	0
Title I - Grants to Local Educational Agencies	C1-S1-03	84.010	17,111	0	19,018	0
Title I - Grants to Local Educational Agencies	C1-S1-04	84.010	189,634	0	183,095	0
Total Title I - Grants to Local Educational Agencies			206,745	0	202,113	0
Safe and Drug-Free Schools and Communities: State Grants	DR-S1-03	84.186	(50)	0	0	0
Safe and Drug-Free Schools and Communities: State Grants	DR-S1-04	84.186	10,122	0	8,742	0
Total Safe and Drug-Free Schools Grant			10,072	0	8,742	0
Innovative Education Program Strategies Grant	C2-S1-03	84.298	3,173	0	4,706	0
Innovative Education Program Strategies Grant	C2-S1-04	84.298	14,654	0	11,641	0
Total Innovative Education Program Strategies Grant			17,827	0	16,347	0
Title II-A Grant	TR-S1-03	84.367	4,103	0	6,955	0
Title II-A Grant	TR-S1-04	84.367	49,403	0	45,662	0
Total Title II-A Grant			53,506	0	52,617	0
Assistive Technology Infusion Grant	AT-S3-02	84.352A	(905)	0	0	0
Assistive Technology Infusion Grant	AT-S4-02	84.352A	7,907	0	7,551	0
Total Assistive Technology Infusion Grant			7,002	0	7,551	0
Title II-D Technology Literacy Challenge Funds	TJ-S1-03	84.318	(758)	0	0	0
Title II-D Technology Literacy Challenge Funds	TJ-S1-04	84.318	6,414	0	4,379	0
Total Title II-D Technology Literacy Challenge Funds			5,656	0	4,379	0
Title III LEP - English Language Acquisition Grants	T3-S1-03	84.365	(63)	0	0	0
Title III LEP - English Language Acquisition Grants	T3-S1-04	84.365	9,788	0	10,561	0
Title III LEP - English Language Acquisition Grants	T3-S2-04	84.365	7,251	0	6,920	0
Total Title III LEP - English Language Acquisition Grants			16,976	0	17,481	0
Title III, Part B - Grants for Supportive Services and Senior Centers	N/A	93.044	4,498	0	4,498	0
Title III, Part E - National Family Caregiver Support	N/A	93.052	3,350	0	3,350	0
Total U.S. Department of Education			596,502	0	532,133	0
Total Federal Financial Assistance			<u>\$637,047</u>	<u>\$23,335</u>	<u>\$572,678</u>	<u>\$23,335</u>

The accompanying notes to this schedule are an integral part of this schedule.

**ORANGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2004**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State and local grant monies. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

NOTE C – FEDERAL TRANSFERS

The Ohio Department of Education (ODE) transferred federal monies remaining from the 2003 grant year to the 2004 grant year for three separate grants. These amounts are shown as negative receipts for the 2003 grant year and positive receipts in the 2004 grant year. This action by ODE allowed the District to extend the availability period for expenditure of these receipts.

NOTE D – REFUND OF MONIES

The negative revenues, for program year 2003, in the Special Education Grants to States, Special Education – Preschool Grant, and the Assistive Technology Infusion Grant, are refunds of revenue due to the expiration of the period of availability.

CFDA – Catalog of Federal Domestic Assistance



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Education
Orange City School District
Cuyahoga County
32000 Chagrin Boulevard
Pepper Pike, Ohio 44124

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Orange City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 29, 2004.

Orange City School District
Cuyahoga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 29, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Orange City School District
Cuyahoga County
32000 Chagrin Boulevard
Pepper Pike, Ohio 44124

Compliance

We have audited the compliance of the Orange City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated November 29, 2004.

Internal Control Over Compliance

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

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

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated November 29, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures 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 for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 29, 2004

ORANGE CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY
 JUNE 30, 2004

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**ORANGE CITY
SCHOOL DISTRICT**

CUYAHOGA COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2004***

***Issued By:
Treasurer's Office
L. Gregory Slemons
Treasurer/Director of Budget Services***

Orange City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
Table of Contents

	Page
I. Introductory Section	
Table of Contents	i
Letter of Transmittal	iv
List of Principal Officials	xv
Administrative Position Chart.....	xvi
GFOA Certificate of Achievement	xvii
ASBO Certificate	xviii
 II. Financial Section	
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds.....	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	26
Statement of Fund Net Assets – Proprietary Fund.....	27
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund.....	28
Statement of Cash Flows – Proprietary Fund	29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	31
Notes to the Basic Financial Statements	32

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Funds:

Description of Funds.....	64
Combining Balance Sheet - Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	67
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	72
Combining Balance Sheet - Nonmajor Capital Projects Funds	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	77

Combining Statements – Fiduciary Funds:

Description of Funds.....	78
Combining Statement of Changes in Assets and Liabilities – Agency Funds	79

Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in
Fund Balance/Fund Equity-Budget (Non-GAAP Basis) and Actual:

Major Funds:

General Fund	81
Bond Retirement Fund	85
Permanent Improvements Fund.....	86
Recreation Fund	87

NonMajor Funds:

Public School Support Fund.....	88
Miscellaneous Grants Fund	89
District Managed Activity Fund.....	90
Auxiliary Services Fund.....	91
Educational Management Information Systems Fund.....	92
Entry Level Fund.....	93
OneNet Connect Subsidy Fund	94
SchoolNet Professional Development Fund.....	95
Interactive Video Distance Learning Fund.....	96
Student Intervention Fund	97
Miscellaneous State Grants Fund	98
Title VI-B Fund.....	99
Title III Fund	100
Title I Fund.....	101
Title VI Fund	102
Drug Free Schools Grant Fund.....	103
Preschool Disability Fund	104
Title VI-R Fund.....	105
Miscellaneous Federal Grants Fund	106

Food Service Fund.....	107
Memorial Fund.....	108
Uniform School Supplies Fund.....	109
Building Improvements Fund.....	110
SchoolNet Plus Fund.....	111
Telecommunity Fund.....	112
Scholarship Fund.....	113

III. Statistical Section

General Fund Revenues by Source and Other Financing Sources And Expenditures by Function and Other Financing Uses - Last Ten Fiscal Years.....	116
Property Tax Levies and Collections--Last Ten Years.....	120
Assessed and Estimated Actual Value of Taxable Property--Last Ten Years.....	122
Property Tax Rates--Direct and Overlapping Governments--Last Ten Years.....	124
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita--Last Ten Years.....	125
Computation of Legal Debt Margin.....	126
Computation of Direct and Overlapping General Obligation Bonded Debt.....	127
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Fund Expenditures-- Last Ten Fiscal Years.....	128
Demographic Statistics – Last Ten Years.....	129
Property Value, Industrial Employment And Financial Institution Deposits--Last Ten Years.....	130
Principal Taxpayers: Real Estate Tax.....	131
Tangible Personal Property Tax.....	132
Public Utilities Tax.....	133
Per Pupil Cost--Last Ten Fiscal Years.....	134
Teacher Education and Experience.....	135
Miscellaneous Demographic Statistics – Last Ten Years.....	136



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November 29, 2004

Board of Education Members and Residents of the Orange City School District:

We are pleased to submit to you the Orange City School District's (the "District") Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2004. This CAFR includes an opinion from the Auditor of the State of Ohio and conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management of the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds as well as the District as a whole. This report will provide the taxpayers of the District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the local villages and cities comprising the District, the Cuyahoga County Public Library, major taxpayers, financial rating services, and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, an Organizational Chart of the School District, GFOA Certificate of Achievement and ASBO Certificate of Excellence.
2. The Financial Section, which begins with the Independent Accountants' Report and includes the Management's Discussion and Analysis, Basic Financial Statements and Notes that provide an overview of the District's financial position and operating results, the Combining Statements by Fund Type, and other schedules that provide detailed budgetary information.
3. The Statistical Section, which presents social and economic data, financial trends and the fiscal capacity of the District.

The School District

History

More than a hundred years ago, a one-room school was built on land donated by the mother of President James A. Garfield. This school and seven other one-room schools located throughout the area were consolidated into the Orange City School District. The land for the first District school building was donated by the Stoneman Family.

The original, two-story school building opened in 1924 on the site of the current Orange High School. A total of 314 children in kindergarten through 12th grade were all educated in this one building. Dr. Terry Wickham, former president of Heidelberg College, was the School District's first superintendent. The first senior class graduated in 1927 with 11 members.

Since 1939, Orange has been a member of the North Central Association of Colleges and Secondary Schools. It has continuously held a high rating among schools certified by the State Board of Education.

In the fall of 1954, Pepper Pike Elementary School was completed as the first separate elementary building in the Orange School District. In 1994, the school was named a National Blue Ribbon School of Excellence by the United States Department of Education. In 1958, Moreland Hills Elementary School opened with all elementary grades housed for the first time in buildings apart from the high school. The original Moreland Hills Elementary School was used to educate students in grades K-2 for the 2000/2001 school year. Starting with the 2001/2002 school year, the original school building was no longer used for K-12 education, but was replaced by the newly built Moreland Hills Elementary School serving students in grades K-5. The original Moreland Hills Elementary School was converted to a centralized maintenance facility serving the entire District.

Enrollment from kindergarten through grade 12 increased from 500 students in 1939 to 1,750 in the spring of 1958. Eighty-two students graduated in 1958.

The District then experienced a period of successful expansion as a result of the support of the citizens of the community and long-range planning by the Board of Education, administration and faculty.

Ballard Brady Middle School opened in 1965. It was named for Dr. Ballard Brady, superintendent from 1951 to 1967. Brady Middle School educated children in grades 5-7 during the 2000/2001 school year. Starting with the 2001/2002 school year, the school was reconfigured to educate children in grades 6 - 8. Grade 5 children attended the new Moreland Hills Elementary School in the 2001/2002 school year. In 2001, the school was named a National Blue Ribbon School of Excellence by the United States Department of Education.

Orange High School was remodeled and expanded many times with the last two renovations taking place in 1973 and 2001. In the 1990-91 school year, Orange High School was recognized as a National Blue Ribbon School of Excellence by the United States Department of Education. In 2003, the high school was awarded Tier One status in the Ohio Award for Excellence. Throughout the Districts' history, a heavy emphasis has been placed on the development of the whole person with the academic mission at the forefront of the school's attention.

Present

The Orange School campus is located on 176 beautifully wooded acres in the Chagrin Valley, approximately 15 miles east of Cleveland. The campus setting offers students the advantage of moving between buildings for academic offerings, performances, and sports programs, as well as the opportunity to study the environment in a natural setting. The School District encompasses the five separate municipalities of Pepper Pike, Hunting Valley, Moreland Hills, Orange and Woodmere as well as small portions of Solon, Bedford Heights, and Warrensville Heights.

The District's 2,368 students are bused daily to the campus consisting of three main school buildings: Moreland Hills Elementary School, Brady Middle School and Orange High School. The District's campus also includes an administration building, centralized maintenance center and a transportation depot. The District also manages the Orange Community Education and Recreation Department, which encompasses preschool services, a senior adult center, enrichment programs for students and adults plus a wide variety of sports and summer activities. The recreation department utilizes all District facilities in concert with the school system. The District includes 80 students who attend the Gund School, which adjoins the District's campus within the Beechbrook residential facility for students with special needs. The District also served 16 students (full-time equivalent basis) from the New Directions residential drug treatment facility, which is located within the District's boundaries.

The population within the District is multi-racial and multi-cultural, with many students from other countries. Minority groups comprise approximately 26 percent of the student population in the District. Orange parents are generally college-educated and involved in professional careers. The population has a very high regard for education and expects an educational program which produces educated, mature, competent, and skilled high school graduates who are able to attend the college of their first or second choice. More than 97 percent of the District's graduates pursue higher education. Over the past 20 years, residents have passed all school operating levies placed on the ballot for their approval. The last general operating levy of five mills, which was on the ballot in early November 2004, was approved by 58.4 percent of the voters. In addition, a \$36.5 million-dollar bond issue was approved in November 1998 by 68 percent of the voters and a one mill permanent improvement levy was approved in November 2003 by 66 percent of the voters. The District is fortunate to have residents who believe in, and are willing to support with tax dollars, a high quality of education for all children.

Organizational Structure

The District's Board of Education approved the Superintendent's recommendation for a central office re-organization plan in January 1998. The plan re-structured central office administrative roles and support for the Superintendent of Schools. New job titles and job descriptions for central office administrators were established at that time.

The Superintendent serves as the Chief Administrative Officer of the District, responsible for providing educational and administrative management leadership for the total operation of the District.

The Treasurer/Director of Budget Services is the Chief Financial Officer of the District and is responsible for maintaining records of all financial matters, issuing warrants and paying liabilities incurred by the District. The Treasurer also serves as custodian of all District funds with the responsibility for the investment of funds as specified by law. The Treasurer of the District reports directly to the five member Board of Education that serves as the taxing authority, the contracting body, and the policy developers for the District. The Board adopts the annual operating budget and approves all expenditures of the District's monies.

The remaining administrative team recommended by the Superintendent and appointed by the School Board include the following: Director of Human Resources/Student Services, Director of Educational Programs and Instructional Services, Coordinator of Special Education, Coordinator of Communications, Director of Recreation, Coordinator of Computer Services, Assistant Treasurer, Supervisor of Transportation Services, Supervisor of Food Services, Director of Operations and Business Services, and Campus Supervisor.

The District has implemented various aspects of Site Based Management with the building principals for the reason of providing site leadership while the central office directors strive to provide the highest quality services in order to fulfill the educational needs of the schools. Each director has a new and revised job description that includes an additional service aspect involving instruction, students, business, and budgeting.

The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its potential component units.

The District participates in certain organizations that are defined as jointly governed organizations and public entity risk pools. These organizations include the Lakeshore Northeast Ohio Computer Association (LNOCA), the Ohio Schools Council, the Ohio School Plan and the Suburban Health Consortium. These organizations are presented in Notes 14 and 15 to the basic financial statements.

Major Initiatives

Focus on Authentically Engaged Students

The District will authentically engage students in a positive, supportive, nurturing, and safe environment in order to develop critical-thinking and civic-minded students who will contribute to the local community and our global society. This system will encourage the support and participation of the community it serves. The mission is based on the following basic beliefs and principles:

- Public education is a key element of a democratic society.
- All students have the ability and the right to grow intellectually. Thus, the District has a responsibility to provide programs and an environment to stimulate student engagement and growth.
- While the primary focus of the District is K-12 education, community participation and involvement is encouraged. This involvement enhances K-12 education, provides better use of facilities and fosters continued learning for all residents.
- High expectations promote high performance. All students and staff are expected to work to their highest potential.

- Given the current state of public education funding, financial support from the entire community, both business and personal, is vital to a successful program.
- The District will maintain excellence through a continuous improvement process.

The educational plan for the District consists of the following:

1. Educational Programs. In order to develop students who will think critically to solve problems, acquire and apply knowledge, communicate effectively, utilize new technologies and are civic-minded, the District will:
 - Focus all energies on the core business of schools, which is to design engaging work for students.
 - Encourage and design professional development for both certified and non-certified staff that focuses on designing engaging and satisfying work for students. This includes, but is not limited to Teachers' Academy, staff development days and Standard Bearer efforts.
 - Create an environment that supports the work of the District in designing work for students that engages them in learning that we know they need to learn in order to be well educated.
 - Design the schedule in each building to maximize available instructional time and to enhance student achievement.
 - Incorporate at each grade level curricular experiences that involve students and teachers in using instructional technology.
 - Maintain, improve, and create programs that involve students from all grade levels in citizenship and school/community service programs.
 - Encourage student selection of electives, co-curricular and extra-curricular offerings that will contribute to the development of a well-qualified and well-rounded graduate.
 - Encourage involvement of all parties when implementing change or enacting new policies, programs and procedures.
 - Value the contributions of all employees while establishing an atmosphere that enhances continuous improvement of both the individual and the system.
 - Establish a complementary and/or extended curriculum through courses offered by the Orange Community Education and Recreation Department.
 - Analyze, plan, implement and evaluate strategies which demonstrate a commitment to excellence as measured by student test scores, college admissions, artistic and athletic accomplishments and other indicators of success.
 - Encourage all parents to participate in the continuous improvement process.
 - Plan and articulate a curriculum which is consistent and sequential.
 - Improve the current parent/teacher communication process regarding student welfare.
2. Fiscal Management. To enhance the effectiveness and efficiency of fiscal operations, the District will:
 - Improve communications and efficiencies regarding financial operations through detailed spending and revenue plans, financial forecasts, strong internal controls, useful and timely financial reporting in accordance with recognized standards and the use of available technology.
 - Pursue appropriate non-traditional school funding sources.

- Provide a clear accounting of the revenues and expenditures from school operation, capital improvement and recreation levies.
 - Revise and implement an on-going marketing plan for the passage of future school tax issues.
 - Complete the appropriation process in a manner that allows the Board of Education to act prior to July 1 of each fiscal year.
3. Community Relations. To improve interaction with the community, the District will:
- Periodically survey residents to determine where further communication is necessary and evaluate the perceptions and the extent of satisfaction or dissatisfaction with the District.
 - Keep the community well-informed by frequently and routinely providing news about the District's programs, achievements and facilities. This is accomplished through various communication tools, such as school publications, public meetings, electronic correspondences, District web site, local media and letters to the community
 - Identify and communicate with Orange Alumni.
4. Business Services. To maintain and improve buildings and facilities, transportation and food service, the District will:
- Work with the staff to analyze cost effectiveness of present programs and offer recommendations.
 - Involve support staff in continuous improvement opportunities.
 - Work with representative groups to formulate a plan and recommend solutions to issues of space, programming, and maintenance.
 - Periodically review and update the District's facility and equipment permanent improvement plan in order to effectively use available capital funds for such purposes. This will allow the District to adequately maintain and improve the utilization of its physical plant assets.
5. Board of Education Operations. To foster greater effectiveness in Board/Administrative operations, the Orange Board of Education will:
- Maintain a long-range strategic plan including financial, programmatic, personnel and facility components.
 - Develop an appropriate plan to increase the Board of Education's visibility and knowledge.
 - Explain with more regularity and intensity the realities of Ohio school finance in general and the finances of the Orange Schools in particular.
 - Continue to re-evaluate the system by which the Board of Education sets agendas, tracks issues and completes its annual evaluation.
 - Increase public attendance at Board of Education meetings.

Major Initiatives for School Year 2003 - 2004

The Orange Board of Education and the District's administration continue to work to improve quality education for all children and to provide prudent financial management to adequately fund this quality education.

During fiscal year 2004, the Board of Education, Treasurer and other key members of the District's administration finalized a plan that ultimately resulted in the passage of a one-mill, continuous permanent improvement levy in November 2003. This affirmative vote was a demonstration of the confidence that the voters have in the Board's and management's plan to provide a fiscally prudent avenue to maintain the District's capital resources for the foreseeable future without increasing their current tax burden.

During 2004, the Board, Treasurer and other key members of the District's administration also developed a plan to educate voters and garner support for the need of additional operating revenue to maintain the District's excellent educational system. This plan resulted in the submission of a five-mill, continuous operating levy to the electorate of the District in November 2004, which ultimately passed with a 58.4% affirmative vote. This new levy will generate approximately \$4.7 million per year, with collection starting in January 2005. This levy should enable the District to maintain the current educational program for an additional four years before additional funding is needed.

During fiscal year 2004, the District engaged the firm of Fanning Howey Associates to conduct a detailed demographic study to reasonably estimate student enrollment trends for the next ten years in order to adequately plan for future staffing and physical plant needs. The results of this study showed that the District could expect a moderate upward trend in enrollment in the coming years based on a number of factors. These factors include, but are not limited to: the potential of the construction of new homes of varying types as in the proposed Sterling Lakes development within the corporate boundaries of Pepper Pike; the potential for the "recycling" of existing housing stock from "empty nester" individuals to families with school-age children; the potential for an increase in the birth rate within the District; and regional and national economic factors such as home mortgage interest rates changes, inflation, employment trends and the like. Although the demographic study shows the potential for increased costs for staffing and facility needs due to increasing enrollment, the new construction in the Sterling Lakes development will also result in additional property tax revenue to the District. In order to continually assess the validity of the assumptions and projections made in this study, the Board plans to have Fanning Howey Associates update it on an annual basis.

During fiscal year 2004, the Board reviewed and revised several Board policies to ensure compliance with current law and to more efficiently address operational areas within the District. This process was completed with the input of the Superintendent, Treasurer and school building-level management.

Future Projects

The District will continue with a district-wide improvement process by continuing its participation with the Schlechty Center for Leadership and School Reform (CLSR) in fiscal year 2005. The Board of Education and District Administration believe that this process will enable the District to evolve into a Standard Bearer School District, which will greatly enhance the students' learning process. The District is currently in its fourth consecutive year of participation in this process. Successful completion of this project will require the cooperation of all employees, including administrators, building principals, teachers and support staff.

The District also entered into a software license and support agreement to implement an electronic purchasing system to replace the current paper-based system used throughout the District. This system was evaluated and chosen based on several factors, including ease of use, support capabilities of the vendor and compatibility with the District's current accounting system and cost. The implementation of this new process is currently being effectuated and is planned for completion by June 2005.

Student Accomplishments and Achievements

Orange students continued to thrive, grow and achieve within the District's curriculum. Some examples of their successes were:

- 1) A graduation rate of 99% with 97% of graduates continuing their education at an institution of higher learning.
- 2) Four hundred twenty one advanced placement exams taken with 92% of all scores being a 3 or better, placing the District's students in the top 1% of all test takers in the Country.

- 3) Eighty-seven students at OHS have been named Advanced Placement Scholars by the College Board in recognition of their exceptional achievements on advanced placement examinations. This number represents 47% of students taking advanced placement exams.
- 4) Thirteen national merit scholarship winners, seven finalists, six commended students, representing 7% of the graduating class.
- 5) Orange High School students who took the SAT exam in the 2003 - 2004 school year scored an average of 564 on the verbal section and 569 on the math section. This was well above the national average of 508 verbal and 518 math.

The District takes great pride in all of its students' achievements and recognizes the need to both maintain and enhance its curriculum to ensure our students' future academic and intellectual growth.

Economic Outlook

The boundaries of the District include residential parcels with a small portion of industrial/commercial property near interstate highway systems. Transportation access provides an excellent backdrop for commercial-industrial development. Interstate 271, our western boundary, and access to Interstate 480 less than five minutes away and the Cleveland-Hopkins International Airport about thirty minutes travel time to the west makes the District a great location for all types of professionals. In addition, Interstate 480 permits easy connection with Interstates 71 and 77, leading south to Columbus and north to Cleveland. The District is an ideal suburban location to major hospitals and businesses in the Cleveland area.

Seventy nine percent of the District's valuation is comprised of residential property, which proves the District is an ideal suburban setting. The property valuation has approximately doubled since fiscal year 1988. The homes in the District continue to increase in market value. During the same period of time, the industrial base has increased approximately 50 percent. The current economic trend in the nation of keeping and attracting businesses has had its effect on the District through some local tax abatement for businesses. In addition, legislative changes in Ohio have resulted in revenue from the personal property tax on inventory

Property taxes and related state entitlements made up approximately 82% of the District's total revenue in fiscal year 2004. This shows that the District relies heavily upon the continued support of its residents through the passage of tax levies.

The Districts' enrollment has increased along with the growth of the five municipalities that make up the majority of enrollment. The 2003/2004 enrollment of 2,368 compared with the 1985/1986 enrollment of 1,886 reflects an increase of 482 students, or 26 percent, over the 18 year period. Based on the detailed demographic study mentioned previously, the District enrollment is projected to increase moderately over the next ten years.

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. As a result, school districts throughout Ohio must regularly place funding issues on the ballot to receive significant revenue growth.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed the earlier decisions that Ohio's current school funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". Further, on May 16, 2003, the Ohio Supreme Court rejected a motion from the plaintiffs requesting that they enforce a remedy for the December 11 decision. Following this decision, the plaintiffs filed a writ of certiorari with the United States Supreme Court to have the high court consider enforcement of a remedy in this case. On October 20, 2003, the United States Supreme Court informed the plaintiffs that they have declined to hear their petition, effectively ending the school funding litigation. In response to the school funding issue, the Governor of the State of Ohio has assembled a "Blue Ribbon Task Force on Financing Student Successes" to offer recommendations on how the State can better fund education. This task force issued a discussion draft of these recommendations on November 18, 2004, which can be accessed at <http://www.ohcapcon.com/pubdocs/20041118-blueribbon-draft.pdf>. The District is currently unable to determine what effect, if any, these decisions will have on its future state funding and its financial operations.

As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the students' needs over the next several years.

The District recently passed a five-mill continuous general operating levy in November 2004 with a 58.4% vote of confidence. This levy is expected to generate approximately \$4.7 million per year for the general fund. The District also passed a 9.5 mill general operating levy and a .95 mill recreation levy in November 2000 with a 59 percent vote of confidence. These levies generate approximately \$7.2 million annually for the general fund and \$724,000 for the recreation program. These levies, along with other operating levies passed prior to 2000, are projected to provide the funds needed to maintain current program levels through fiscal year 2008. A \$36.5 million-dollar bond issue was passed with a 68 percent vote of confidence back in November 1998. In addition, a 1 mill continuing permanent improvement levy was passed in November of 2003 with a 66 percent vote of confidence. These funds were used for various capital improvements and major equipment purchases (as required by law), including the construction of a new elementary school completed in 2001.

Financial Information

Internal Accounting and Budgetary Control

The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Reports for general governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are incurred. Reports of the District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

In developing the District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for payroll. These systems, coupled with the manual review of each invoice prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, a permanent appropriation measure must be adopted upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates, which is usually within three months after the start of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled by the Board of Education at the fund level. Within the District's accounting system, a more stringent management budget is controlled at the object level within a function and fund. The Board finance committee reviews any budget transfers between and among budget accounts on a monthly basis. All purchase order requests must be approved by the Building Principal and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports and transaction information that details year-to date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

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

The basis of accounting and the various funds utilized by the District are fully described in Note 2 of the financial statements. Additional information on the District's budgetary accounting can also be found in Note 2.

Financial Reporting

For the fiscal year ending June 30, 2004, the District continued to report in accordance with the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments". This pronouncement significantly changes the way the District reports its financial condition and results of operations as compared to previous years. The basic financial statements for reporting on the District's financial activities are as follows:

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

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

Statement of budgetary comparisons: These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Independent Accountants' Report in the financial section of this report. The Management Discussion and Analysis provides an assessment of the District's finances for 2004.

Cash Management

The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash that is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government and STAR Ohio in addition to corporate commercial paper and other investments allowed by state law and the District's own investment policy. The District maintains depository relationships with several banking institutions in order to provide for competitive treasury management and investment options as well as to contain the cost of services. The School District retained the services of Productive Portfolios, Inc., a registered investment advisory firm, during fiscal year 2004 to assist the District in its investing strategy and to obtain even greater returns on investments while adhering to the principals of principal preservation and liquidity. The District also engaged the services of Seasongood Asset Management, LLC during fiscal year 2004 to actively manage a portion of the District's investment portfolio in accordance with the District's investment policy and Ohio law. The total amount of interest earned on investments (on the modified-accrual basis) for the fiscal year ended June 30, 2004 was \$287,473, with \$207,948 being credited directly to the general fund.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets or individual surety bonds. Per Ohio law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105% of public funds deposited. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold collateral for public deposits.

Risk Management

A blanket bond covers all employees of the District while certain positions in decision/policy making roles are covered by separate, higher bond coverage.

The District contracts for general liability insurance through the Ohio School Plan. The limits of coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate with no deductible. The District has insurance contracts for vehicle insurance and crime protection. The School District also contracts with a private firm to manage its workers' compensation program.

Awards

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 to Orange City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such a 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the District will submit its CAFR to the Association of School Business Officials International.

ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003, to the Orange City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing business officials. Management believes that the Comprehensive Annual Financial Report for fiscal year ended June 30, 2004, will conform to ASBO's principles and standards.

Independent Audit

State statutes require the District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 2004. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The District adopted and has been in conformance with that system beginning with its financial report for 1981.

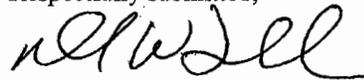
Acknowledgments

The publication of this report continues in the tradition of providing a high level of accountability of the District's finances to the taxpayers and other internal and external users. This accomplishment would not have been possible without the support and efforts of the entire staff of the Treasurer's office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to the accounting firm of Trimble, Julian & Grube Inc. for assistance in preparing this financial report as well as to the communications staff of the District for designing the cover and divider pages of this report.

Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully submitted,



Dr. Daniel W. Lukich
Superintendent



L. Greg Slemons, CPA
Treasurer/Director of Budget Services

*Orange City School District
List of Principal Officials
As of June 30, 2004*

Board of Education

Mrs. Cynthia Eickhoff	President
Mrs. Cathy Keith	Vice President
Mr. Tom Bonda	Member
Mr. Chuck Jarrett	Member
Mr. Peter Billington	Member

Treasurer/Director of Budget Services

Mr. L. Greg Slemons, CPA

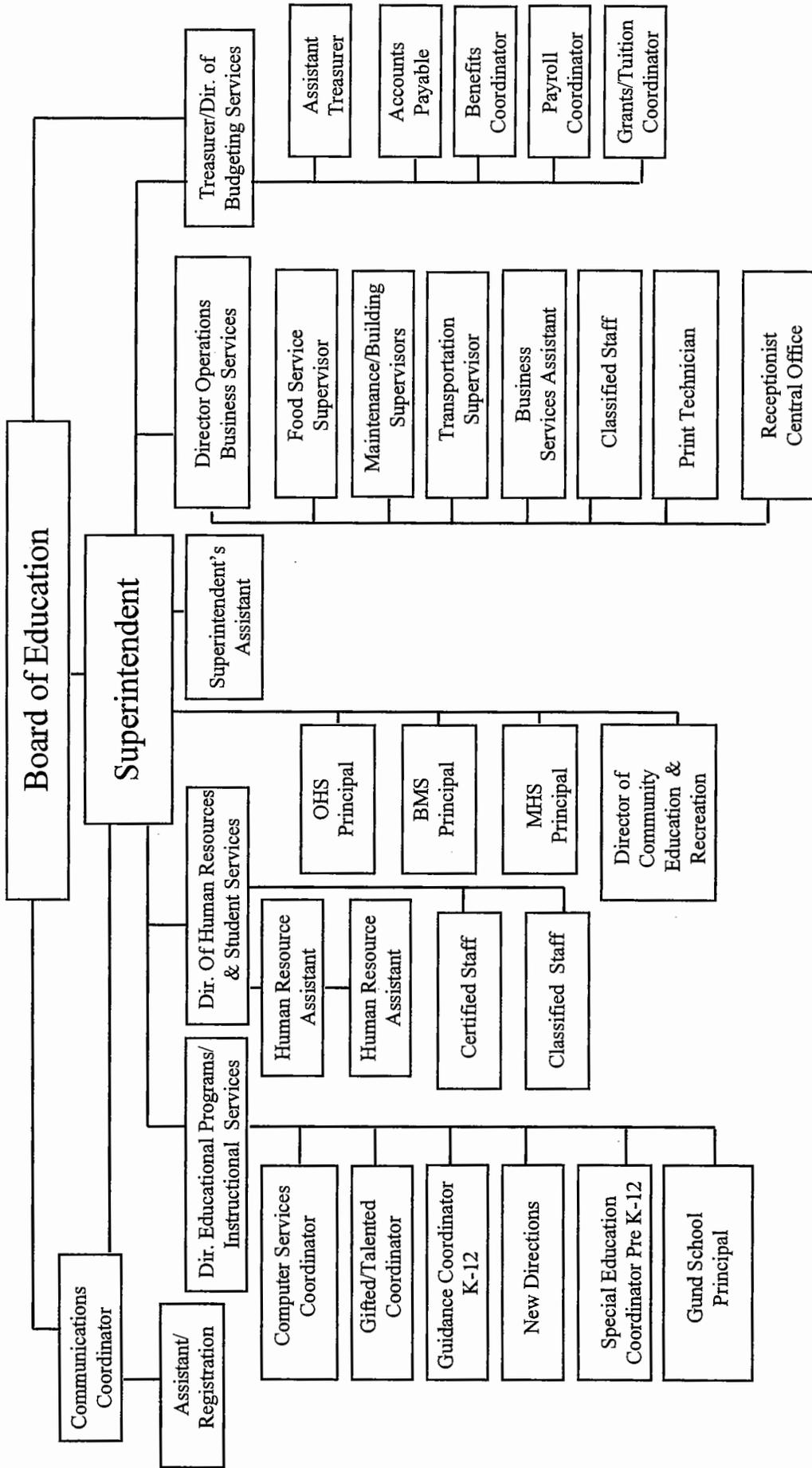
Administration

Dr. Daniel W. Lukich	Superintendent
Mr. David Burnison	Director of Human Resources/Student Services*
Dr. Nancy Wingenbach	Director of Educational Programs and Instructional Services
Ms. April Siegel-Green	Coordinator of Special Education
Mr. Lou DeVincentis	Coordinator of Communications
Ms. Laura Guentner	Director of Recreation
Mr. Kurt Bernardo	Coordinator of Computer Services
Mr. Greg Markus, CPA	Assistant Treasurer
Mr. Phil Dickinson	Director of Operations and Business Services
Ms. Sharlyne Berger	Supervisor of Food Services
Ms. Nancy Belle-Gordon	Supervisor of Transportation Services
Mr. Jim Taylor	Campus Supervisor

* Dr. Joseph Webb held this position until his retirement effective 8/1/04.

Orange Schools Administrative Position Chart

2003-2004



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ORANGE CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

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

William F. Hall
President

Emmie W. Keller
Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Orange City School District
Cuyahoga County
32000 Chagrin Boulevard
Pepper Pike, Ohio 44124

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Orange City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Orange City School District, Cuyahoga County, Ohio, as of June 30, 2004, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the General fund 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 November 29, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 29, 2004

ORANGE CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2004 UNAUDITED

The discussion and analysis of Orange City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets increased \$4,470,070. Net assets of governmental activities increased \$4,605,519, which represents a 14.93% increase from 2003. Net assets of business-type activities increased \$134,551 or 2.50% from 2003.
- General revenues accounted for \$42,987,125 in revenue or 90.52% of all governmental revenues. The District had a special item of insurance proceeds for \$260,089. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,239,856 or 8.93% of total governmental revenues of \$47,487,070.
- The District had \$42,881,551 in expenses related to governmental activities; only \$4,239,856 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$42,987,125 were adequate to provide for these programs.
- One of the District's major governmental funds is the general fund. The general fund had \$42,679,191 in revenues and other financing sources and \$38,455,862 in expenditures and other financing uses. The general fund's fund balance increased \$4,223,329 from \$14,457,497 to \$18,680,826.
- One of the District's other major governmental funds is the bond retirement fund. The bond retirement fund had \$11,893,233 in revenues and other financing sources and \$7,525,830 in expenditures. The bond retirement fund's fund balance increased \$4,367,403 from \$1,511,217 to \$5,878,620.
- The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$1,563,278 in revenues and other financing sources and \$946,788 in expenditures. The permanent improvement fund's fund balance increased \$616,490 from \$1,196,201 to \$1,812,691.
- Net assets for the District's business-type activities increased \$134,551 or 2.50%. The recreation fund's net assets increased from \$5,387,117 to \$5,521,668 on expenses of \$2,254,392 versus revenues (both operating and non-operating) of \$2,388,943.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

ORANGE CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2004 UNAUDITED

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, the bond retirement fund and the permanent improvement fund are the only other governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question: How did we do financially during 2004? The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's recreation fund is reported as a business-type activity.

The District's statement of net assets and statement of activities can be found on pages 19-21 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11 and the analysis of the District's enterprise fund begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the bond retirement fund and the permanent improvement fund.

ORANGE CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2004 UNAUDITED

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 22-26 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 30 and 31. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 32-62 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The net assets of the governmental and business-type activities have been restated as described in Note 3 to the financial statements. The table below provides a summary of the District's net assets for 2004 and 2003.

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>Restated 2003</u>	<u>2004</u>	<u>Restated 2003</u>	<u>2004</u>	<u>Restated 2003</u>
<u>Assets</u>						
Current assets	\$ 63,481,194	\$ 56,503,433	\$ 3,254,107	\$ 3,133,211	\$ 66,735,301	\$ 59,636,644
Capital assets, net	<u>43,380,110</u>	<u>43,835,515</u>	<u>2,598,355</u>	<u>2,615,782</u>	<u>45,978,465</u>	<u>46,451,297</u>
Total assets	<u>106,861,304</u>	<u>100,338,948</u>	<u>5,852,462</u>	<u>5,748,993</u>	<u>112,713,766</u>	<u>106,087,941</u>
<u>Liabilities</u>						
Current liabilities	33,130,269	34,480,048	315,849	345,908	33,446,118	34,825,956
Long-term liabilities	<u>38,275,094</u>	<u>35,008,478</u>	<u>14,945</u>	<u>15,968</u>	<u>38,290,039</u>	<u>35,024,446</u>
Total liabilities	<u>71,405,363</u>	<u>69,488,526</u>	<u>330,794</u>	<u>361,876</u>	<u>71,736,157</u>	<u>69,850,402</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	8,994,910	12,602,070	2,598,355	2,615,782	11,593,265	15,217,852
Restricted	8,517,577	3,633,497	-	-	8,517,577	3,633,497
Unrestricted	<u>17,943,454</u>	<u>14,614,855</u>	<u>2,923,313</u>	<u>2,771,335</u>	<u>20,866,767</u>	<u>17,386,190</u>
Total net assets	<u>\$ 35,455,941</u>	<u>\$ 30,850,422</u>	<u>\$ 5,521,668</u>	<u>\$ 5,387,117</u>	<u>\$ 40,977,609</u>	<u>\$ 36,237,539</u>

Total governmental assets increased by \$6,522,356 while total governmental liabilities increased by \$1,916,837 resulting in an increase to net assets of \$4,605,519. Total assets of business-type activities increased \$103,469 while total liabilities of business-type activities decreased by \$31,082 resulting in a increase to net assets of \$134,551.

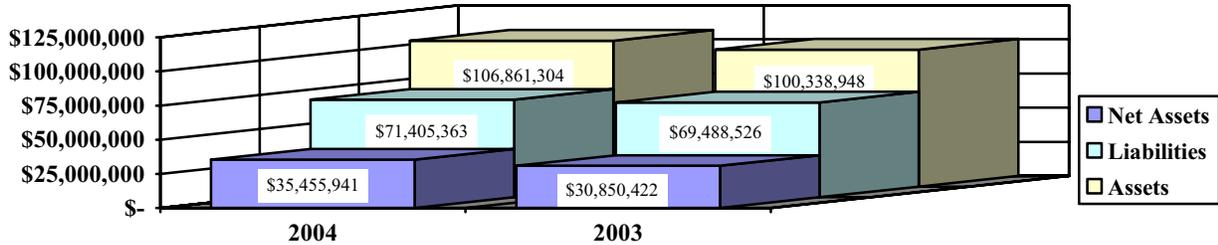
Taxes receivable contributed to 33.92 percent or \$36,255,022 of total governmental activities assets. Of this amount \$28,076,847 is offset as deferred revenue, revenue to be used in future periods. Liabilities for governmental activities totaled \$71,405,363; of this amount \$32,115,393 or 44.98 percent is long-term liabilities. By comparing assets and liabilities, one can see the overall position of the District is good. The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$42,987,125 or 90.52 percent of total revenue. The most significant portion of the general revenue is the local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled to \$4,239,856 or 8.93 percent of total revenue and a special item for insurance proceeds which totaled \$260,089.

ORANGE CITY SCHOOL DISTRICT

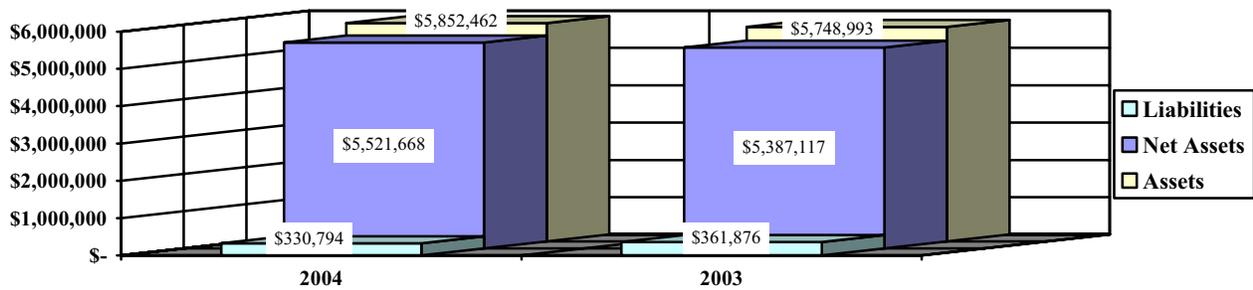
*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

The graphs below present the District's governmental and business type net assets for fiscal years 2004 and 2003.

Governmental - Net Assets (As Restated)



Business-Type - Net Assets (As Restated)



The table below shows the changes in net assets for governmental activities and business-type activities for fiscal year 2004 and 2003.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services and sales	\$ 3,026,288	\$ 5,280,109	\$ 1,463,320	\$ 1,365,066	\$ 4,489,608	\$ 6,645,175
Operating grants and contributions	1,154,123	999,474	185,204	87,731	1,339,327	1,087,205
Capital grants and contributions	59,445	104,583	-	-	59,445	104,583
Total program revenues	4,239,856	6,384,166	1,648,524	1,452,797	5,888,380	7,836,963
General revenues:						
Property taxes	36,198,792	30,301,514	679,573	660,894	36,878,365	30,962,408
Grants and entitlements, not restricted	6,377,995	5,975,363	-	-	6,377,995	5,975,363
Investment earnings	268,877	440,022	26,811	61,914	295,688	501,936
Gain on sale of capital assets	2,124	-	-	-	2,124	-
Other	139,337	83,258	34,035	75,728	173,372	158,986
Total general revenues	42,987,125	36,800,157	740,419	798,536	43,727,544	37,598,693

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

Change in Net Assets – (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	16,320,163	14,545,778	-	-	16,320,163	14,545,778
Special	5,028,484	6,017,671	-	-	5,028,484	6,017,671
Vocational	280,092	241,796	-	-	280,092	241,796
Other	23,649	11,775	-	-	23,649	11,775
Support services:						
Pupil	2,734,653	2,210,058	-	-	2,734,653	2,210,058
Instructional staff	3,081,414	1,480,216	-	-	3,081,414	1,480,216
Board of Education	141,777	89,482	-	-	141,777	89,482
Administration	2,606,354	2,291,678	-	-	2,606,354	2,291,678
Fiscal	1,053,898	1,032,334	-	-	1,053,898	1,032,334
Business	432,204	396,839	-	-	432,204	396,839
Operations and maintenance of plant	3,386,491	4,213,242	-	-	3,386,491	4,213,242
Pupil transportation	3,162,885	3,028,156	-	-	3,162,885	3,028,156
Central	938,416	1,073,794	-	-	938,416	1,073,794
Operation of non-instructional services	20,045	39,822	-	-	20,045	39,822
Extracurricular activities	1,385,763	1,464,133	-	-	1,385,763	1,464,133
Intergovernmental pass through	356,394	423,977	-	-	356,394	423,977
Interest and fiscal charges	1,335,954	1,338,239	-	-	1,335,954	1,338,239
Food service	592,915	589,708	-	-	592,915	589,708
Recreation	-	-	2,254,392	2,017,600	2,254,392	2,017,600
Total expenses	<u>42,881,551</u>	<u>40,488,698</u>	<u>2,254,392</u>	<u>2,017,600</u>	<u>45,135,943</u>	<u>42,506,298</u>
Special item-insurance proceeds	<u>260,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,089</u>	<u>-</u>
Changes in net assets	<u>\$ 4,605,519</u>	<u>\$ 2,695,625</u>	<u>\$ 134,551</u>	<u>\$ 233,733</u>	<u>\$ 4,740,070</u>	<u>\$ 2,929,358</u>

Governmental Activities

Net assets of the District's governmental activities increased \$4,605,519. Total governmental expenses of \$42,881,551 were offset by program revenues of \$4,239,856, general revenues of \$42,987,125 and a special item of \$260,089. Program revenues supported 9.89% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 89.66% of total governmental revenue. The District has carefully projected the financial future by forecasting revenues and expenditures for a five-year period. Over the past twenty-five years, residents of the District have, without exception, supported all operating levies placed on the ballot. In November of 2000, the District successfully passed a 9.5 mill-operating levy that generates \$7.3 million in revenue per year. Collections on this new levy began the second half of fiscal year 2001 will full collection of this levy realized in fiscal year 2002. The additional income was dedicated to fund the day-to-day operations of the District (e.g., salaries, utilities, textbooks, transportation) and is expected to cover four years of operation. The District also passed a new, continuous 1.0 mill permanent improvement levy in November 2003, for which collections began in the second half of fiscal year

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

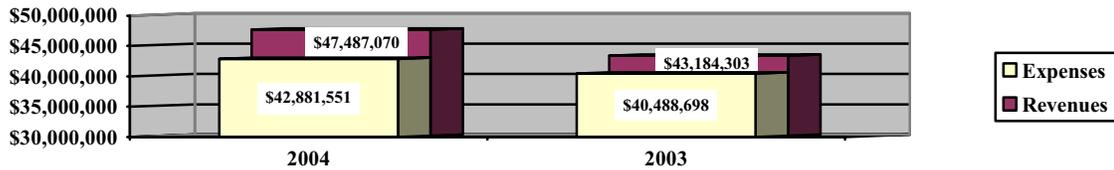
2004. These funds are legally restricted only for capital items, such as the building of new or improvement of existing school facilities and the purchase of major equipment. Ohio H.B. 920 effectively freezes tax revenue to a specific dollar amount the minute a levy is passed. This state law, enacted in 1976, also eliminates any growth from local revenue, therefore Ohio school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to their voters to maintain a constant level of academically excellent service.

Approximately 50.49% of the District's budget is used for instructional expenses. Supporting services for pupils, staff and business operations account for an additional 40.90%. The remaining amount of program expenses, roughly 8.67%, is budgeted to facilitate other obligations of the District such as interest and fiscal charges, food service operations and extracurricular activities.

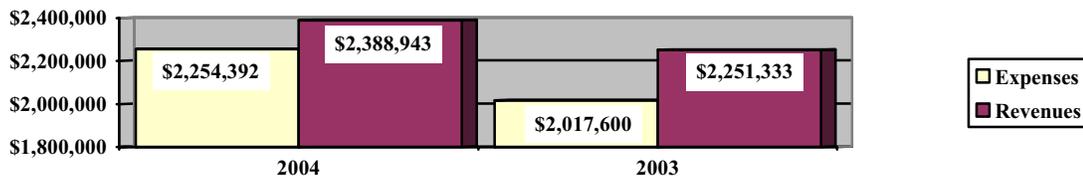
Actual expenses were consistent with annual budget expectations and the District even reflected an increase of net assets in 2004 of \$4,605,519. The increase was primarily due to a full year collection of the 9.5 mill levy that was passed by the Orange City School voters in November 2000.

The graphs below present the District's governmental and business-type activities revenue and expenses for fiscal years 2004 and 2003.

Governmental Activities - Revenues and Expenses



Business-Type Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2004 and 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

Governmental Activities

	Total Cost of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2004</u>	Net Cost of Services <u>2003</u>
Program expenses:				
Instruction:				
Regular	\$ 16,320,163	\$ 14,545,778	\$ 13,839,901	\$ 9,992,258
Special	5,028,484	6,017,671	4,752,724	5,784,156
Vocational	280,092	241,796	280,092	241,796
Other	23,649	11,775	23,649	11,775
Support services:				
Pupil	2,734,653	2,210,058	2,504,342	2,045,188
Instructional staff	3,081,414	1,480,216	3,030,645	1,450,934
Board of Education	141,777	89,482	141,777	89,482
Administration	2,606,354	2,291,678	2,592,589	2,286,317
Fiscal	1,053,898	1,032,334	1,053,898	1,032,334
Business	432,204	396,839	432,204	396,839
Operations and maintenance of plant	3,386,491	4,213,242	3,318,030	4,096,205
Pupil transportation	3,162,885	3,028,156	3,158,997	3,028,156
Central	938,416	1,073,794	917,603	1,054,720
Operation of non-instructional services	20,045	39,822	15,599	26,358
Food service operations	592,915	589,708	74,861	86,552
Extracurricular activities	1,385,763	1,464,133	1,173,467	1,113,461
Intergovernmental pass through	356,394	423,977	(4,637)	29,762
Interest and fiscal charges	<u>1,335,954</u>	<u>1,338,239</u>	<u>1,335,954</u>	<u>1,338,239</u>
 Total expenses	 <u>\$ 42,881,551</u>	 <u>\$ 40,488,698</u>	 <u>\$ 38,641,695</u>	 <u>\$ 34,104,532</u>

The dependence upon tax revenues during fiscal year 2004 for governmental activities is apparent, as 87.27% of 2004 instruction activities are supported through taxes and other general revenues. All governmental activities, general revenue support is 90.11% in 2004. The District's taxpayers, as a whole, are by far the primary support for District's students.

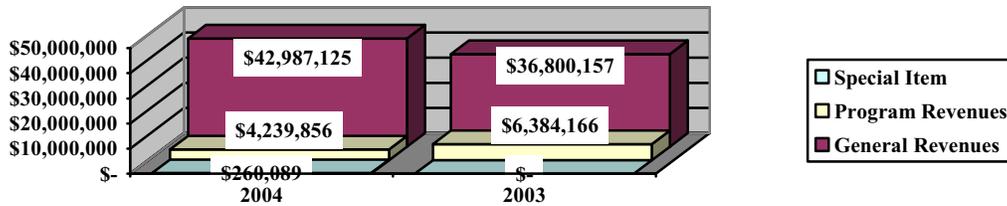
<p>The communities of Huntington Valley, Orange, Pepper Pike, Moreland Hills, Woodmere, and parts of Solon, Warrensville Heights, and Bedford Heights are the greatest source of financial support for the students of Orange City Schools.</p>

ORANGE CITY SCHOOL DISTRICT

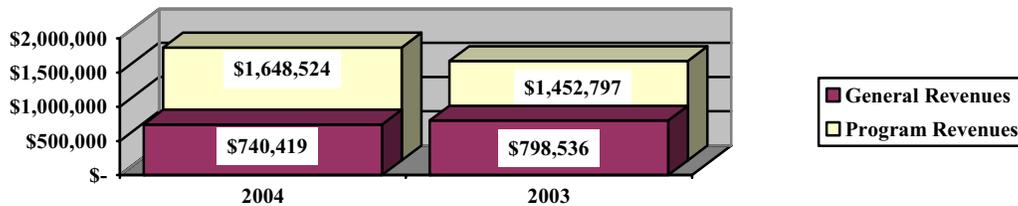
*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

The graphs below present the District's governmental and business-type activities revenue for fiscal years 2004 and 2003:

Governmental Activities - General and Program Revenues



Business-Type Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the recreation operation. This program had revenues of \$2,388,943 and expenses of \$2,254,392 for fiscal year 2004. During fiscal year 2004, the District's business activities received \$679,573 in support from tax revenues.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$27,485,467, which is above last year's total of \$18,273,712. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	Fund Balance <u>June 30, 2004</u>	Fund Balance <u>June 30, 2003</u>	<u>Increase</u>
General	\$ 18,680,826	\$ 14,457,497	\$ 4,223,329
Bond retirement	5,878,620	1,511,217	4,367,403
Permanent improvement	1,812,691	1,196,201	616,490
Other Governmental	<u>1,113,330</u>	<u>1,108,797</u>	<u>4,533</u>
Total	<u>\$ 27,485,467</u>	<u>\$ 18,273,712</u>	<u>\$ 9,211,755</u>

General Fund

The District's general fund is by far the District's most significant fund. Fund balance of the general fund increased by \$4,223,329. The table that follows assists in illustrating the revenues of the general fund.

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

	<u>2004</u>	<u>2003</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 32,879,710	\$ 27,660,630	18.87 %
Tuition and fees	3,474,021	4,043,241	(14.08) %
Interest earnings	207,948	352,375	(40.99) %
Intergovernmental	6,026,584	5,633,094	6.99 %
Other revenues	<u>88,804</u>	<u>172,644</u>	(48.56) %
Total	<u>\$ 42,677,067</u>	<u>\$ 37,861,984</u>	12.72 %

Tax revenue increased \$5,219,080 or 18.87% from the prior year. This is the result of a dramatic decrease in the amount of taxes collected by the Cuyahoga County Auditor and available to the District as an advance at fiscal year end. These amounts vary depending upon when the tax bills are sent. On a cash basis, fiscal 2004 tax revenue actually increased \$720,187 or 2.40% from fiscal 2003. The increase in tax revenue is caused by the application of GAAP in the requirement to record tax revenue for amounts collected by the County Auditor at June 30 and available to the District as an advance. These amounts are reserved on the fund financial statements as tax advance unavailable for appropriation.

Intergovernmental revenue increased \$393,490 or 6.99% from the prior year. This increase is attributed to an increase in the number and dollar amount of grants the District received in 2004. The decrease in investment income is due to drastic cuts in interest rates made by the Federal Reserve over the last few years that have lowered investment yields on the type of investments that the District is allowed to invest in per the Ohio Revised Code.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2004</u>	<u>2003</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 20,460,687	\$ 19,639,519	4.18 %
Support services	16,207,282	14,794,853	9.55 %
Operation of non-instructional services	-	13,848	(100.00) %
Extracurricular activities	968,980	935,290	3.60 %
Capital outlay	-	169,374	(100.00) %
Debt service	<u>54,913</u>	<u>59,839</u>	(8.23) %
Total	<u>\$ 37,691,862</u>	<u>\$ 35,612,723</u>	5.84 %

The most significant decrease was in the area of capital outlay. This decrease is due to recording of capital leases entered into during the 2003 fiscal year for copiers and mowing equipment. Instruction expenditures remained consistent with 2003. The District entered into three new capital lease agreements in fiscal 2003. All other expenditure line items showed immaterial amounts or were consistent with 2003.

Bond Retirement Fund

The bond retirement fund had \$11,893,233 in revenues and other financing sources and \$7,525,830 in expenditures. The bond retirement fund's fund balance increased \$4,367,403 from \$1,511,217 to \$5,878,620.

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

Permanent Improvement Fund

The permanent improvement fund had \$1,563,278 in revenues and other financing sources and \$946,788 in expenditures. The permanent improvement fund's fund balance increased \$616,490 from \$1,196,201 to \$1,812,691.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. Encumbrances are commitments for the expenditure of monies in a future period. The general fund is the most significant fund to be budgeted and is the main operating fund of the District.

During the course of fiscal 2004, the District amended its general fund budget only twice, none significant. The District uses a modified site-based style of budgeting that has in place systems designed to tightly control expenses, but provide flexibility for site based decision-making by management.

The general fund's final budgeted revenues and other financing sources totaled \$39,480,851 this was above original budget estimates of \$39,384,716. Actual budget basis revenues and other financing sources of \$40,568,707 exceeded final budgeted revenues by \$1,087,856. The final budgeted expenditures and other financing uses totaled \$40,344,379 compared to original estimates of \$40,384,142. Actual budget basis expenditures and other financing uses of \$38,572,500 were \$1,771,879 lower than the final budgeted expenditures.

The District's ending unencumbered cash balance totaled \$16,705,360, which was higher than that originally budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$45,978,465 invested in land, land improvements, buildings, equipment and vehicles. Of this total, \$43,380,110 was reported in governmental activities and \$2,598,355 was reported in business-type activities. The June 30, 2003 balance of the business-type activities capital assets have been restated as described in Note 3 to the financial statements. The following table shows fiscal 2004 balances compared to 2003:

**Capital Assets at June 30
(Net of Depreciation)**

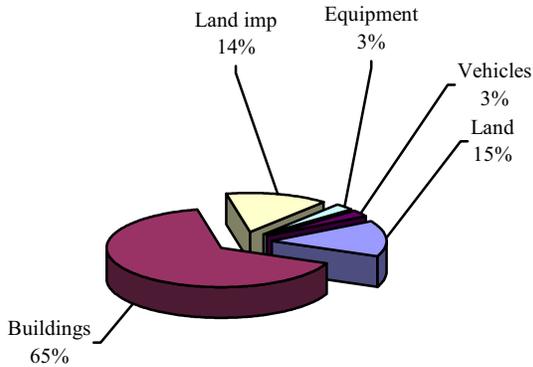
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>Restated 2003</u>	<u>2004</u>	<u>Restated 2003</u>
Land	\$ 6,370,150	\$ 6,370,150	\$ -	\$ -	\$ 6,370,150	\$ 6,370,150
Land improvements	6,205,322	6,278,642	60,058	39,256	6,265,380	6,317,898
Building	28,380,439	28,807,005	2,457,795	2,488,485	30,838,234	31,295,490
Equipment	1,236,608	1,319,572	42,892	45,416	1,279,500	1,364,988
Vehicles	1,187,591	1,060,146	37,610	42,625	1,225,201	1,102,771
Total	<u>\$43,380,110</u>	<u>\$43,835,515</u>	<u>\$ 2,598,355</u>	<u>\$ 2,615,782</u>	<u>\$ 45,978,465</u>	<u>\$ 46,451,297</u>

The following graphs show the breakdown of governmental activities and business-type capital assets by category for 2004 and 2003.

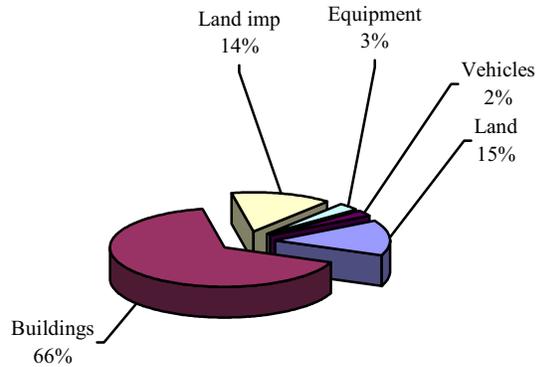
ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

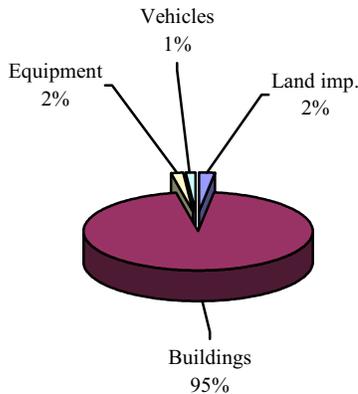
**Capital Assets - Governmental Activities
2004**



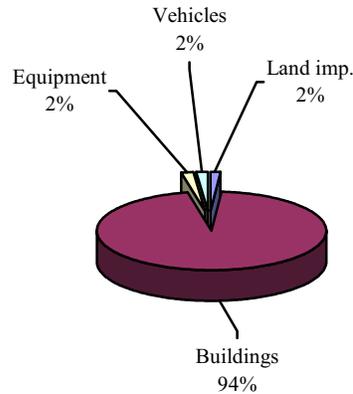
**Capital Assets - Governmental Activities
2003**



**Capital Assets - Business-Type Activities
2004**



**Capital Assets - Business-Type Activities
2003**



See Note 7 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2004 the District had \$29,785,978 in general obligation bonds outstanding and \$4,500,000 in notes outstanding. The balance of the bonds payable at June 30, 2003 in the governmental activities has been restated as described in Note 3 to the financial statements. The following table summarizes the bonds and loan outstanding.

ORANGE CITY SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED*

Outstanding Debt, at Year End

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003 (Restated)</u>
General obligation bonds	\$ 29,785,978	\$ 26,190,212
Notes payable	<u>4,500,000</u>	<u>5,150,000</u>
Total	<u>\$ 34,285,978</u>	<u>\$ 31,340,212</u>

In an election held on November 3, 1998 the electors of the District approved the issuance of bonds in the amount of \$36.5 million for the purpose of acquiring improved and additional educational technology, installing computer stations in school buildings, renovating school libraries (media centers), reconstructing and equipping of science and technology laboratories, constructing, furnishing and equipping a new elementary school, and renovating, remodeling, adding to, furnishing, equipping and otherwise improving school facilities and their sites. Bonds were ultimately issued in May of 1999 in the face amount of \$29 million. These bonds will be fully repaid in calendar year 2023. The remaining \$7.5 million was issued in the form of bond anticipation notes. As of June 30, 2004, the notes payable balance of \$4.5 million reflected the outstanding principal balance of these notes.

In April of 2004, the District issued bonds in the face amount of \$4.5 million, from which the proceeds will be used to retire the \$4.5 million notes payable due in July of 2004. This bond issue received an 'AA+ positive' rating from Standard & Poor's Ratings Services, which is the highest rating currently issued to an Ohio public school district's general obligation bonds. These bonds were also rated by Moody's Investors Service, who issued an 'Aa1' rating. These bonds will be fully repaid in calendar year 2026.

See Note 12 to the basic financial statements for additional information on the District's debt administration.

District Outlook

The District is always presented with challenges and opportunities, but has continued to maintain the highest standards of service to our students, parents and community. National and regional economic events have affected the District and the surrounding area as they would any business or individual. It appears that the declining economic conditions of the past few years are reversing and continuing to improve. Through prudent financial and operational management, the District has been able to withstand these conditions without any major reductions in programs or services and has maintained an excellent financial outlook. This assertion is corroborated by Standard & Poor's Rating Services who, in relation to their 'AA+ positive' rating of school improvement bonds issued in April 2004, stated in part ".....The rating is based on the ability of the school district to maintain a strong financial position despite the limitations on property tax revenue growth inherent in Ohio's local municipal funding statutes.....The Orange School District has established a minimum general fund cash balance policy at three months' expenditures.....The primary credit factors include the following: Consistent voter support for operations due in part to strong interaction between the district's administration and its taxpayers; Economic and demographic indicators that demonstrate affluence and stable growth; Routine and consistent requests for operating and bond levies; The maintenance of high general fund reserves combined with a minimum general fund cash balance policy of three months' expenditures, and; Adequate capacity for projected enrollment needs with low current debt levels.....The positive outlook reflects the potential for upward rating movement if the district is able to pass an operating levy in 2004, retain a minimum of three months' expenditures, and demonstrate ongoing community support for the maintenance of this cash position".

ORANGE CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2004 UNAUDITED

Educationally, the District continues to perform at the highest level determined by the State of Ohio, which is measured by a defined set of proficiency criteria. The District's most recent state report card shows it's students achieving a perfect score of 18 out of 18 on these objective performance indicators as mandated by the State of Ohio.

As the preceding information shows, the District depends heavily on its property taxpayers. Our community support was recently measured by two most outstanding accomplishments. In November of 2000 they passed a 9.5 mill operating levy and in November of 2003, they passed a 1.0 mill permanent improvement levy. The support of these two issues demonstrate the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their communities. As of June 30, 2004, the District's Board of Education was in the final stages of planning for a new operating levy to be placed on the ballot in November 2004.

The District has communicated to its member communities that they rely upon their support for the major part of its operations, and will continue to work diligently to plan expenses, staying carefully within the District's five-year financial plan. State law retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth forces the District to come back to the voters from time to time and ask for additional financial support through the approval of new tax levies.

During fiscal year 2004, the District engaged the firm of Fanning Howey Associates to conduct a detailed demographic study to reasonably estimate student enrollment trends for the next ten years in order to adequately plan for future staffing and facility needs. The results of this study showed that the District could expect a moderate upward trend in enrollment in the coming years based on a number of factors. These factors include, but are not limited to: the potential of the construction of new homes of varying types as in the proposed Sterling Lakes development within the corporate boundaries of Pepper Pike; the potential for the "recycling" of existing housing stock from "empty nester" individuals to families with school-age children; the potential for an increase in the birth rate within the District; and regional and national economic factors such as home mortgage interest rates changes, inflation, employment trends and the like. Although the demographic study shows the potential for increased costs for staffing and facility needs due to increasing enrollment, the new construction in the Sterling Lakes development will also result in additional property tax revenue to the District. In order to continually assess the validity of the assumptions and projections made in this study, the Board plans to have Fanning Howey Associates update it on an annual basis.

In March, 1997, the Ohio Supreme Court found the State of Ohio to be operating an unconstitutional educational system; one that was neither "adequate" nor "equitable". Since this ruling was handed down, the State of Ohio has taken various steps to attempt to remedy this situation, but to no avail. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed the earlier decisions that Ohio's current school funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". Further, on May 16, 2003, the Ohio Supreme Court rejected a motion from the plaintiffs requesting that they enforce a remedy for the December 11 decision. Following this decision, the plaintiffs filed a writ of certiorari with the United States Supreme Court to have the high court consider enforcement of a remedy in this case. On October 20, 2003, the United States Supreme Court informed the plaintiffs that they have declined to hear their petition, effectively ending the school funding litigation.

In response to the school funding issue, the Governor of the State of Ohio assembled a "Blue Ribbon Task Force on Financing Student Successes" to offer recommendations on how the State can better fund education. As of June 30, 2004, this task force was currently finalizing their recommendations to the Governor to be tentatively released in December of 2004. The District is currently unable to determine what effect, if any, these decisions will have on its future state funding and its financial operations.

ORANGE CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2004 UNAUDITED

As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

The District has committed itself to financial and educational excellence for many years. The District has received the Governmental Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting since 1996. This report represents the third consecutive year of reporting in conformance with the Governmental Accounting Standards Board's new financial reporting model (Statement 34). The District is strongly committed to continuous improvement in financial reporting to our communities and all other potential users of our financial information as is evidenced by this report.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. L. Greg Slemons, CPA, Treasurer/CFO, Orange City School District, 32000 Chagrin Blvd., Cleveland, Ohio 44124-5974 or e-mail at lgslemons@orange.k12.oh.us.

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ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF NET ASSETS
JUNE 30, 2004*

	Governmental Activities	Business-Type Activity	Total
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 25,641,986	\$ 2,519,929	\$ 28,161,915
Receivables:			
Taxes	36,255,022	714,103	36,969,125
Accounts.	3,527	3,180	6,707
Accrued interest	81,685	9,100	90,785
Intergovernmental	1,005,495	-	1,005,495
Inventory held for resale	39,444	-	39,444
Materials and supplies inventory	288,559	7,065	295,624
Prepaid items.	72,318	730	73,048
Unamortized bond issue costs	93,158	-	93,158
Capital assets:			
Nondepreciable capital assets.	6,370,150	-	6,370,150
Depreciable capital assets, net	37,009,960	2,598,355	39,608,315
Total capital assets, net	<u>43,380,110</u>	<u>2,598,355</u>	<u>45,978,465</u>
<i>Total assets</i>	<u>106,861,304</u>	<u>5,852,462</u>	<u>112,713,766</u>
Liabilities:			
Accounts payable.	78,310	11,047	89,357
Contracts payable.	176,126	-	176,126
Accrued wages payable.	3,456,807	93,695	3,550,502
Intergovernmental payable	210,762	3,394	214,156
Pension obligation payable	941,356	207,713	1,149,069
Deferred revenue	28,076,847	-	28,076,847
Undistributed monies.	5,487	-	5,487
Accrued interest payable	184,574	-	184,574
Long-term liabilities:			
Due within one year.	6,159,701	2,326	6,162,027
Due in more than one year	32,115,393	12,619	32,128,012
<i>Total liabilities</i>	<u>71,405,363</u>	<u>330,794</u>	<u>71,736,157</u>
Net Assets:			
Invested in capital assets, net of related debt.	8,994,910	2,598,355	11,593,265
Restricted for:			
Capital projects	2,436,265	-	2,436,265
Debt service.	5,832,273	-	5,832,273
Set-asides	162,370	-	162,370
Other purposes	86,669	-	86,669
Unrestricted	<u>17,943,454</u>	<u>2,923,313</u>	<u>20,866,767</u>
<i>Total net assets.</i>	<u>\$ 35,455,941</u>	<u>\$ 5,521,668</u>	<u>\$ 40,977,609</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 16,320,163	\$ 2,321,244	\$ 159,018	\$ -
Special	5,028,484	2,041	273,719	-
Vocational	280,092	-	-	-
Other	23,649	-	-	-
Support services:				
Pupil	2,734,653	30,646	199,665	-
Instructional staff	3,081,414	5,901	44,868	-
Board of education	141,777	-	-	-
Administration	2,606,354	-	13,765	-
Fiscal	1,053,898	-	-	-
Business	432,204	-	-	-
Operations and maintenance of plant	3,386,491	7,441	1,575	59,445
Pupil transportation	3,162,885	3,888	-	-
Central	938,416	-	20,813	-
Operation of non-instructional services	20,045	-	4,446	-
Food service operations	592,915	443,993	74,061	-
Intergovernmental pass through	356,394	-	361,031	-
Extracurricular activities	1,385,763	211,134	1,162	-
Interest and fiscal charges	1,335,954	-	-	-
<i>Total governmental activities</i>	<u>42,881,551</u>	<u>3,026,288</u>	<u>1,154,123</u>	<u>59,445</u>
Business-Type activity:				
Recreation	2,254,392	1,463,320	185,204	-
<i>Totals</i>	<u>\$ 45,135,943</u>	<u>\$ 4,489,608</u>	<u>\$ 1,339,327</u>	<u>\$ 59,445</u>

General Revenues:

- Property taxes levied for:
 - General purposes
 - Debt service
 - Capital projects
 - Recreation
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Gain on sale of capital assets
- Miscellaneous

Total general revenues

Extraordinary item:

- Reimbursement for storm damage

Total general revenues and extraordinary item

Change in net assets

Net assets at beginning of year (restated)

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
\$ (13,839,901)	\$ -	\$ (13,839,901)
(4,752,724)	-	(4,752,724)
(280,092)	-	(280,092)
(23,649)	-	(23,649)
(2,504,342)	-	(2,504,342)
(3,030,645)	-	(3,030,645)
(141,777)	-	(141,777)
(2,592,589)	-	(2,592,589)
(1,053,898)	-	(1,053,898)
(432,204)	-	(432,204)
(3,318,030)	-	(3,318,030)
(3,158,997)	-	(3,158,997)
(917,603)	-	(917,603)
(15,599)	-	(15,599)
(74,861)	-	(74,861)
4,637	-	4,637
(1,173,467)	-	(1,173,467)
(1,335,954)	-	(1,335,954)
(38,641,695)	-	(38,641,695)
-	(605,868)	(605,868)
(38,641,695)	(605,868)	(39,247,563)
33,236,580	-	33,236,580
2,330,475	-	2,330,475
631,737	-	631,737
-	679,573	679,573
6,377,995	-	6,377,995
268,877	26,811	295,688
2,124	-	2,124
139,337	34,035	173,372
42,987,125	740,419	43,727,544
260,089	-	260,089
43,247,214	740,419	43,987,633
4,605,519	134,551	4,740,070
30,850,422	5,387,117	36,237,539
\$ 35,455,941	\$ 5,521,668	\$ 40,977,609

ORANGE CITY SCHOOL DISTRICT

*BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004*

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 16,972,706	\$ 5,525,664	\$ 1,839,435	\$ 1,141,811	\$ 25,479,616
Restricted assets:					
Equity in pooled cash and cash equivalents	162,370	-	-	-	162,370
Receivables:					
Taxes	33,251,204	2,102,371	901,447	-	36,255,022
Accounts	3,477	-	-	50	3,527
Accrued interest	52,353	19,954	6,642	2,736	81,685
Intergovernmental	906,537	-	-	98,958	1,005,495
Interfund loan	4,652	-	-	-	4,652
Inventory held for resale	-	-	-	39,444	39,444
Materials and supplies inventory	287,667	-	-	892	288,559
Prepaid items	72,318	-	-	-	72,318
<i>Total assets</i>	<u>\$ 51,713,284</u>	<u>\$ 7,647,989</u>	<u>\$ 2,747,524</u>	<u>\$ 1,283,891</u>	<u>\$ 63,392,688</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 52,279	\$ -	\$ -	\$ 26,031	\$ 78,310
Contracts payable	-	-	176,126	-	176,126
Accrued wages payable	3,390,743	-	-	66,064	3,456,807
Interfund loan payable	-	-	-	4,652	4,652
Compensated absences payable	115,620	-	-	-	115,620
Pension obligation payable	546,796	-	-	9,718	556,514
Intergovernmental payable	183,581	-	-	27,181	210,762
Deferred revenue	28,743,439	1,769,369	758,707	31,428	31,302,943
Undistributed monies	-	-	-	5,487	5,487
<i>Total liabilities</i>	<u>33,032,458</u>	<u>1,769,369</u>	<u>934,833</u>	<u>170,561</u>	<u>35,907,221</u>
Fund Balances:					
Reserved for encumbrances	454,965	-	78,955	80,528	614,448
Reserved for property taxes	5,190,321	328,830	141,002	-	5,660,153
Reserved for debt service	-	5,549,790	-	-	5,549,790
Reserved for budget stabilization	162,370	-	-	-	162,370
Unreserved:					
Undesignated, reported in:					
General fund	12,873,170	-	-	-	12,873,170
Special revenue funds	-	-	-	471,317	471,317
Capital projects funds	-	-	1,592,734	561,485	2,154,219
<i>Total fund balances</i>	<u>18,680,826</u>	<u>5,878,620</u>	<u>1,812,691</u>	<u>1,113,330</u>	<u>27,485,467</u>
<i>Total liabilities and fund balances</i>	<u>\$ 51,713,284</u>	<u>\$ 7,647,989</u>	<u>\$ 2,747,524</u>	<u>\$ 1,283,891</u>	<u>\$ 63,392,688</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004*

Total governmental fund balances	\$	27,485,467
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,380,110
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 2,378,708	
Intergovernmental	847,388	
Total		3,226,096
Certain contractually required pension contributions are not paid with expendable available financial resources and therefore are not reported in the funds.		(384,842)
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.		(184,574)
Unamortized premiums on bond issuances are not recognized in the funds.		(196,938)
Unamortized bond issuance costs are not recognized in the funds		93,158
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	29,785,978	
Compensated absences	3,228,334	
Notes payable	4,500,000	
Capital lease obligation	99,222	
Arbitrage payable	349,002	
Total		(37,962,536)
 <i>Net assets of governmental activities</i>	 \$	 <u>35,455,941</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and other local taxes	\$ 32,879,710	\$ 2,355,877	\$ 572,465	\$ -	\$ 35,808,052
Intergovernmental	6,026,584	301,641	49,770	1,150,087	7,528,082
Interest	207,948	24,250	21,509	6,005	259,712
Tuition and fees	3,474,021	-	-	-	3,474,021
Extracurricular activities	-	-	-	244,742	244,742
Classroom materials and fees	3,888	-	-	81,440	85,328
Charges for services	-	-	-	443,993	443,993
Rentals	7,441	-	-	-	7,441
Miscellaneous	77,475	-	59,445	89,781	226,701
<i>Total revenue</i>	<u>42,677,067</u>	<u>2,681,768</u>	<u>703,189</u>	<u>2,016,048</u>	<u>48,078,072</u>
Expenditures:					
Current:					
Instruction:					
Regular	15,368,275	-	-	200,724	15,568,999
Special	4,814,445	-	-	273,809	5,088,254
Vocational	254,318	-	-	-	254,318
Other	23,649	-	-	-	23,649
Support Services:					
Pupil	2,394,935	-	-	213,761	2,608,696
Instructional staff	2,844,797	-	-	45,939	2,890,736
Board of education	141,777	-	-	-	141,777
Administration	2,491,020	-	-	11,762	2,502,782
Fiscal	1,045,621	-	-	-	1,045,621
Business	398,249	-	-	-	398,249
Operations and maintenance of plant	3,152,679	-	-	2,305	3,154,984
Pupil transportation	2,930,094	-	-	-	2,930,094
Central	808,110	-	11,301	56,649	876,060
Operation of non-instructional services	-	-	-	14,437	14,437
Food service operations	-	-	-	519,613	519,613
Extracurricular activities	968,980	-	-	324,887	1,293,867
Facilities acquisition and construction	-	-	935,487	120,630	1,056,117
Intergovernmental pass through	-	-	-	339,705	339,705
Debt service:					
Principal retirement	45,867	6,145,000	-	50,135	6,241,002
Interest and fiscal charges	9,046	1,285,135	-	1,159	1,295,340
Bond issuance costs	-	95,695	-	-	95,695
<i>Total expenditures</i>	<u>37,691,862</u>	<u>7,525,830</u>	<u>946,788</u>	<u>2,175,515</u>	<u>48,339,995</u>
<i>Excess of revenues over (under) expenditures</i>	4,985,205	(4,844,062)	(243,599)	(159,467)	(261,923)
Other financing sources (uses):					
Transfers in	-	-	600,000	164,000	764,000
Transfers out	(764,000)	-	-	-	(764,000)
Proceeds from sale of notes	-	4,500,000	-	-	4,500,000
Proceeds from sale of bonds	-	4,499,998	-	-	4,499,998
Premium on bonds sold	-	202,302	-	-	202,302
Accrued interest on bonds sold	-	9,165	-	-	9,165
Proceeds from sale of capital assets	2,124	-	-	-	2,124
<i>Total other financing sources (uses)</i>	<u>(761,876)</u>	<u>9,211,465</u>	<u>600,000</u>	<u>164,000</u>	<u>9,213,589</u>
Extraordinary item:					
Reimbursement for storm damage	-	-	260,089	-	260,089
<i>Net change in fund balances</i>	4,223,329	4,367,403	616,490	4,533	9,211,755
<i>Fund balances at beginning of year</i>	14,457,497	1,511,217	1,196,201	1,108,797	18,273,712
<i>Fund balances at end of year</i>	<u>\$ 18,680,826</u>	<u>\$ 5,878,620</u>	<u>\$ 1,812,691</u>	<u>\$ 1,113,330</u>	<u>\$ 27,485,467</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

Net change in fund balances - total governmental funds	\$	9,211,755
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,247,635) were less than depreciation expense (\$1,703,040) in the current period.		(455,405)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(79,494)
Premiums on bond issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(196,938)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		93,158
Proceeds of bonds and notes are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		(8,999,998)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(862,380)
Repayment of bond, note and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		6,241,002
A change in the estimated liability for arbitrage is not reported in the funds, however, the change in the estimated liability reduces long-term liabilities on the statement of net assets.		36,053
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(382,234)
<i>Change in net assets of governmental activities</i>	\$	<u>4,605,519</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and other local taxes	\$ 30,640,267	\$ 30,500,378	\$ 30,751,896	\$ 251,518
Intergovernmental	5,773,749	6,055,169	6,026,584	(28,585)
Interest	296,000	296,000	280,680	(15,320)
Tuition and fees	2,638,700	2,592,200	3,394,980	802,780
Classroom materials and fees	2,000	2,000	3,888	1,888
Rentals	7,500	7,500	7,441	(59)
Miscellaneous.	26,000	26,000	83,043	57,043
<i>Total revenue</i>	<u>39,384,216</u>	<u>39,479,247</u>	<u>40,548,512</u>	<u>1,069,265</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,711,087	14,938,733	14,520,592	418,141
Special.	6,565,592	4,797,329	4,739,551	57,778
Vocational.	291,619	384,119	333,834	50,285
Other	39,675	39,675	30,342	9,333
Support Services:				
Pupil.	2,293,733	2,431,149	2,302,975	128,174
Instructional staff	1,414,840	2,698,023	2,603,210	94,813
Board of education	191,667	216,174	210,193	5,981
Administration.	2,326,746	2,527,999	2,454,134	73,865
Fiscal	1,030,293	1,065,293	1,055,347	9,946
Business	435,281	430,781	396,529	34,252
Operations and maintenance of plant	4,634,421	4,449,340	4,050,170	399,170
Pupil transportation	2,904,088	2,962,694	2,908,003	54,691
Central.	1,318,421	1,332,077	1,224,395	107,682
Operation of non-instructional services . . .	7,642	7,852	1,607	6,245
Extracurricular activities.	1,069,037	1,033,037	972,114	60,923
<i>Total expenditures</i>	<u>39,234,142</u>	<u>39,314,275</u>	<u>37,802,996</u>	<u>1,511,279</u>
<i>Excess of revenues over (under) expenditures.</i>	<u>150,074</u>	<u>164,972</u>	<u>2,745,516</u>	<u>2,580,544</u>
Other financing sources (uses):				
Refund of prior year expenditure	-	-	16,967	16,967
Transfers in	-	1,104	1,104	-
Transfers out	(800,000)	(801,104)	(765,104)	36,000
Advances out	-	-	(4,400)	(4,400)
Proceeds from sale of capital assets	500	500	2,124	1,624
Contingencies	(350,000)	(229,000)	-	229,000
<i>Total other financing sources (uses).</i>	<u>(1,149,500)</u>	<u>(1,028,500)</u>	<u>(749,309)</u>	<u>279,191</u>
<i>Net change in fund balance</i>	<u>(999,426)</u>	<u>(863,528)</u>	<u>1,996,207</u>	<u>2,859,735</u>
<i>Fund balance at beginning of year</i>	<u>14,400,320</u>	<u>14,400,320</u>	<u>14,400,320</u>	<u>-</u>
<i>Prior year encumbrances appropriated</i>	<u>308,833</u>	<u>308,833</u>	<u>308,833</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 13,709,727</u>	<u>\$ 13,845,625</u>	<u>\$ 16,705,360</u>	<u>\$ 2,859,735</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF FUND NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2004*

	<u>Recreation</u>
Assets:	
<i>Current assets:</i>	
Equity in pooled cash and cash equivalents	\$ 2,519,929
Receivables:	
Taxes	714,103
Accounts	3,180
Accrued interest	9,100
Materials and supplies inventory	7,065
Prepaid items	<u>730</u>
<i>Total current assets.</i>	<u>3,254,107</u>
<i>Noncurrent assets:</i>	
Depreciable capital assets, net	<u>2,598,355</u>
<i>Total assets.</i>	<u>5,852,462</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts payable	11,047
Accrued wages payable	93,695
Pension obligation payable	207,713
Intergovernmental payable.	<u>3,394</u>
<i>Total current liabilities</i>	<u>315,849</u>
<i>Long-term liabilities:</i>	
Compensated absences payable	<u>14,945</u>
<i>Total liabilities</i>	<u>330,794</u>
Net assets:	
Invested in capital assets.	2,598,355
Unrestricted	<u>2,923,313</u>
<i>Total net assets</i>	<u>\$ 5,521,668</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	<u>Recreation</u>
Operating revenues:	
Tuition and fees	\$ 1,360,641
Sales/charges for services	102,679
Other	<u>34,035</u>
<i>Total operating revenues</i>	<u>1,497,355</u>
Operating expenses:	
Salaries.	1,082,355
Fringe benefits	415,508
Purchased services.	512,213
Materials and supplies	119,064
Depreciation	111,189
Other.	<u>14,063</u>
<i>Total operating expenses.</i>	<u>2,254,392</u>
<i>Operating loss</i>	<u>(757,037)</u>
Nonoperating revenues:	
Interest	26,811
Property taxes	679,573
Contributions and donations.	78,583
Grants and subsidies	<u>106,621</u>
<i>Total nonoperating revenues.</i>	<u>891,588</u>
<i>Change in net assets</i>	134,551
<i>Net assets at beginning of year</i>	<u>5,387,117</u>
<i>Net assets at end of year.</i>	<u>\$ 5,521,668</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	<u>Recreation</u>
<i>Increase (decrease) in cash and cash equivalents</i>	
Cash flows from operating activities:	
Cash received from customers	\$ 1,461,811
Cash received from other operating revenues	32,364
Cash payments to suppliers for goods and services	(516,064)
Cash payments to employees for services	(1,120,288)
Cash payments for employee benefits	(372,222)
Cash payments for materials and supplies	(121,386)
Cash payments for other operating expenses	<u>(14,530)</u>
<i>Net cash used in operating activities</i>	<u>(650,315)</u>
Cash flows from noncapital financing activities:	
Property taxes	667,590
Transfers in from other funds	374,076
Transfers out to other funds.	(374,076)
Contributions and donations	78,583
Grants and subsidies	<u>106,621</u>
<i>Net cash provided by noncapital financing activities.</i>	<u>852,794</u>
Cash flows from capital and related financing activities:	
Payments for capital acquisitions.	<u>(126,156)</u>
<i>Net cash used in capital and related financing activities.</i>	<u>(126,156)</u>
Cash flows from investing activities:	
Interest on investments.	<u>27,002</u>
<i>Net cash provided by investing activities</i>	<u>27,002</u>
<i>Net increase in cash and cash equivalents</i>	103,325
<i>Cash and cash equivalents at beginning of year</i>	2,416,604
<i>Cash and cash equivalents at end of year.</i>	<u><u>\$ 2,519,929</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
<i>Operating loss</i>	\$ (757,037)
<i>Adjustments:</i>	
Depreciation	111,189
Changes in assets and liabilities:	
(Increase) in accounts receivable	(3,180)
(Increase) in materials and supplies inventory.	(2,322)
(Increase) in prepaid items	(277)
(Decrease) in accounts payable	(5,413)
(Decrease) in accrued wages and benefits.	(29,754)
(Decrease) in compensated absences payable.	(1,023)
Increase in intergovernmental payable	603
Increase in pension obligation payable.	<u>36,899</u>
<i>Net cash used in operating activities.</i>	<u><u>\$ (650,315)</u></u>

Non-cash Transactions:

At June 30, 2004, the Recreation fund purchased no capital assets on account. At June 30, 2003, the Recreation fund purchased \$32,394 of capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004*

	Private-Purpose Trust		Agency
	<u>Scholarship</u>		<u>Agency</u>
Assets:			
Equity in pooled cash			
and cash equivalents	\$ 75,041		\$ 86,089
Accrued interest receivable	271		-
	<u>75,312</u>		<u>-</u>
<i>Total assets</i>	<u>75,312</u>		<u>\$ 86,089</u>
Liabilities:			
Undistributed monies	-		\$ 15,106
Due to students	-		70,983
	<u>-</u>		<u>70,983</u>
<i>Total liabilities</i>	<u>-</u>		<u>\$ 86,089</u>
Net Assets:			
Held in trust for scholarships.	<u>\$ 75,312</u>		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Private-Purpose Trust
	<u>Scholarship</u>
Additions:	
Interest	\$ 950
Contributions and donations	<u>1,100</u>
<i>Total additions.</i>	<u>2,050</u>
Deductions:	
Scholarships awarded	<u>2,501</u>
<i>Total deductions.</i>	<u>2,501</u>
<i>Change in net assets.</i>	(451)
<i>Net assets at beginning of year.</i>	<u>75,763</u>
<i>Net assets at end of year.</i>	<u><u>\$ 75,312</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Orange City School District (the "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 District operates under a locally elected five-member Board form of government. Each member is elected to a four year term. The District provides educational services as mandated by State and federal agencies. The Board of Education controls the District's three instructional support facilities staffed by 183 classified employees, 239 certified teaching personnel, and 28 administrators/supervisors who provide services to 2,368 students and other community members.

The District is located in Pepper Pike, Ohio, Cuyahoga County and currently ranks as the 221st largest by enrollment among the 613 public school districts in the state. The District operates one elementary school (K-5), one middle school (6-8) and a high school (9-12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise fund, subject to this same limitation. The District has elected not to apply these FASB Statements and Interpretations. The most significant of the District's accounting policies are described below.

A. Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, recreation and student related activities.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of their debt or the levying of their taxes. The District has no component units.

The District participates in certain organizations which are defined as jointly governed organizations and public entity risk pools. These organizations are the Lakeshore Northeast Ohio Computer Association, the Ohio Schools Council, the Ohio School Plan and the Suburban Health Consortium. These organizations are discussed in Notes 14 and 15 to the basic financial statements.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the 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 District that are governmental and those that are considered business-type.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and for the business-type activity of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental program is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

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

Bond Retirement Fund - The bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction of a new middle school and an addition to the intermediate school.

Permanent Improvement Fund - The permanent improvement fund is used to account for taxes levied for the replacement and updating of equipment and facilities essential for the instruction of students.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; (b) for food service and uniform school supplies operations; and (c) for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Type - Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position and cash flows. The following is the District's proprietary fund type:

Enterprise Fund – The enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services. The District's major enterprise fund is:

Recreation Fund - This fund accounts for fees and property taxes for the upkeep of the recreational center and educational opportunities offered to adults living within the community.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one private-purpose trust fund and three agency funds.

D. Measurement Focus

Government-wide Financial Statements -The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's enterprise fund is tuition and fees. Operating expenses for the enterprise fund include the cost of sales, personnel and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all governmental funds and at the fund-cost center level for the proprietary fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported in the budgetary statement reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

G. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" in the basic financial statements.

During fiscal year 2004, investments were limited to federal agency securities, repurchase agreements, nonnegotiable certificates of deposit, U.S. Government money market mutual funds, and STAR Ohio, the State Treasurer's Investment Pool.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office which 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, 2004.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2004 amounted to \$207,948 which includes \$21,657 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis and is expensed/expended when used. Inventory consists of expendable supplies held for consumption.

J. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by state statute to be set-aside to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

K. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activity column of the government-wide statement of net assets and in the respective fund.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand dollars. The 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.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land improvements	20 - 50 years	20 - 50 years
Buildings	20 - 50 years	20 - 50 years
Equipment	5 - 20 years	5 - 20 years
Vehicles	10 years	10 years

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at June 30, 2004 reported on the statement of net assets.

The \$4,652 interfund loans receivable/payable between governmental funds as reported on the governmental fund financial statements were eliminated for government-wide reporting (see Note 17.A).

M. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Compensated absences include salary related payments related to vacation and severance liabilities. Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the "termination payment method". The termination payment method accrues a liability that is based entirely on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The estimate is based on past experience. This estimate (ratio) is then applied to employee's sick leave balances and current wages at fiscal year-end.

The entire compensated absence liability is reported on the government-wide financial statements and in the proprietary fund.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

O. 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes, debt service, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under GAAP but not available for appropriations under state statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are tuition for classes and sales. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

R. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Estimates

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

T. Extraordinary Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. During fiscal 2004, the District received \$260,089 in reimbursement for storm damage that occurred in November 2002. Of the total, \$198,817 was received from the State of Ohio Disaster Relief Program and \$61,272 was received from Indiana Insurance Company, the District's insurance carrier. The reimbursement has been reflected as an extraordinary item in the financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Prior Period Adjustment

The June 30, 2003 net asset balance of the governmental activities has been restated to properly report accreted interest on the capital appreciation bonds (see Note 12). This prior period adjustment had the following effect on net assets as previously reported:

	<u>Governmental Activities</u>
Net assets as previously reported	\$ 31,152,413
Adjustment for capital appreciation bonds	<u>(301,991)</u>
Restated net assets, June 30, 2003	<u>\$ 30,850,422</u>

In addition, for the enterprise fund and business-type activities, the capital asset classification of "Buildings" and the related accumulated depreciation has been restated by \$297,511 from \$3,222,627 to \$3,520,138 and from (\$734,142) to (\$1,031,653), respectively, to include previously unreported modular classrooms. This restatement had no effect on net assets as previously reported for the enterprise fund and business-type activities.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

Interim monies 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any 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 banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest 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 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.

Cash on Hand: At year-end, the District had \$150 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At fiscal year-end, the carrying amount of the District's deposits was \$11,124,076 and the bank balance was \$11,576,179. These balances include \$3,000,000 in nonnegotiable certificates of deposit. Of the bank balance:

1. \$426,012 was covered by depository insurance; and
2. \$11,150,167 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: GASB Statement No. 3 requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio and U.S. Government money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

	Category <u>3</u>	Fair <u>Value</u>
Repurchase agreement	\$ 499,126	\$ 499,126
Federal agency securities	15,931,239	15,931,239
Total	<u>\$ 16,430,365</u>	
Investments in STAR Ohio		745,093
U.S. Government money market mutual funds		<u>23,361</u>
Total investments		<u>\$ 17,198,819</u>

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 28,323,045	\$ -
Investments of the cash management pool:		
Investment in STAR Ohio	(745,093)	745,093
Federal agency securities	(15,931,239)	15,931,239
Repurchase agreement	(499,126)	499,126
U.S. Government money market mutual funds	(23,361)	23,361
Cash on hand	<u>(150)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 11,124,076</u>	<u>\$ 17,198,819</u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax 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 located in the District. Property tax revenue received during calendar 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) are for calendar 2004 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value listed as of the prior January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004 and are collected in 2004 with real property taxes.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 5 - PROPERTY TAXES - (Continued)

2004 tangible personal property taxes are levied after April 1, 2004, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 846,280,460	94.32	\$ 904,032,290	95.11
Public utility personal	10,255,830	1.14	10,764,920	1.13
Tangible personal property	<u>40,705,019</u>	<u>4.54</u>	<u>35,735,048</u>	<u>3.76</u>
Total	<u>\$ 897,241,309</u>	<u>100.00</u>	<u>\$ 950,532,258</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 81.10		\$ 81.10	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 District prior to June 30. This year, the June 2004 tangible personal property tax settlement was not received until July of 2004.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, personal property and public utility taxes which became measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations. The late settlement of tangible personal property taxes and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2004, was \$5,771,809 and is recognized as revenue. \$5,190,321 was available to the general fund, \$328,830 was available to the Bond Retirement fund, \$141,002 was available to the Permanent Improvement fund and \$111,656 was available to the Recreation fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 6 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities

Taxes	\$ 36,255,022
Accounts	3,527
Intergovernmental	1,005,495
Accrued interest	81,685

Business-type Activities

Taxes	714,103
Accounts	3,180
Accrued interest	9,100
Total receivables	<u>\$ 38,072,112</u>

Receivables have been disaggregated on the face of the basic finance statements. All receivables are expected to be collected within the subsequent year.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 7 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance <u>6/30/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/04</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,370,150	\$ -	\$ -	\$ 6,370,150
Total capital assets, not being depreciated	<u>6,370,150</u>	<u>-</u>	<u>-</u>	<u>6,370,150</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	8,134,174	289,006	-	8,423,180
Buildings	37,849,140	459,657	-	38,308,797
Equipment	3,142,621	137,621	(76,382)	3,203,860
Vehicles	<u>2,981,212</u>	<u>361,351</u>	<u>(183,008)</u>	<u>3,159,555</u>
Total capital assets, being depreciated	<u>52,107,147</u>	<u>1,247,635</u>	<u>(259,390)</u>	<u>53,095,392</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,855,532)	(362,326)	-	(2,217,858)
Buildings	(9,042,135)	(886,223)	-	(9,928,358)
Equipment	(1,823,049)	(220,585)	76,382	(1,967,252)
Vehicles	<u>(1,921,066)</u>	<u>(233,906)</u>	<u>183,008</u>	<u>(1,971,964)</u>
Total accumulated depreciation	<u>(14,641,782)</u>	<u>(1,703,040)</u>	<u>259,390</u>	<u>(16,085,432)</u>
Total capital assets, being depreciated	<u>37,465,365</u>	<u>(455,405)</u>	<u>-</u>	<u>37,009,960</u>
Governmental activities capital assets, net	<u>\$ 43,835,515</u>	<u>\$ (455,405)</u>	<u>\$ -</u>	<u>\$ 43,380,110</u>

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 596,109
Special	150,629
Vocational	22,165

Support Services:

Pupil	60,660
Instructional staff	42,702
Administration	68,370
Fiscal	2,603
Business	29,601
Operations and maintenance	243,919
Central	76,877
Pupil transportation	240,120
Noninstructional operations	9,190
Extracurricular activities	86,339
Intergovernmental pass through	14,727
Food service operations	59,029

Total depreciation expense \$ 1,703,040

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 7 - CAPITAL ASSETS - (Continued)

B. Business-Type Activities

The capital asset classification of "Buildings" and related accumulated depreciation has been restated (see Note 3). Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance 06/30/03	Additions	Deductions	Balance 06/30/04
Business-Type Activities:				
<i>Capital assets, being depreciated:</i>				
Land improvements	\$ 140,996	\$ 25,361	\$ -	\$ 166,357
Buildings	3,520,138	62,151	-	3,582,289
Equipment	162,778	6,250	-	169,028
Vehicles	50,147	-	-	50,147
Total capital assets, being depreciated	<u>3,874,059</u>	<u>93,762</u>	<u>-</u>	<u>3,967,821</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(101,740)	(4,559)	-	(106,299)
Buildings	(1,031,653)	(92,841)	-	(1,124,494)
Equipment	(117,362)	(8,774)	-	(126,136)
Vehicles	(7,522)	(5,015)	-	(12,537)
Total accumulated depreciation	<u>(1,258,277)</u>	<u>(111,189)</u>	<u>-</u>	<u>(1,369,466)</u>
Business-type activities capital assets, net	<u>\$ 2,615,782</u>	<u>\$ (17,427)</u>	<u>\$ -</u>	<u>\$ 2,598,355</u>

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2004, the District maintained comprehensive insurance coverage for liability, real property, building contents and vehicles. The District obtains insurance coverage through the Ohio Schools Plan (See Note 15.A.). Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

Building and Contents - Replacement Cost	\$64,187,300
Automobile Liability	1,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	3,000,000
Employer's Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

The District obtains Workers' Compensation coverage directly through the State of Ohio Bureau of Workers' Compensation. The District has hired the firm of Sheakley Uniserve, Inc. to process and assist in claims filed. During fiscal 2004, the District paid administration fees in the amount of \$11,600 for these services.

C. Employee Health Benefits

The District participates in the Suburban Health Consortium, a shared risk pool (Note 15.B.) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The District's Board of Education pays the entire cost of a monthly premium.

Claims are paid for all participants regardless of claims flow. Upon termination, all District claims would be paid without regard to the District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 9 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn twelve to twenty-two days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 225 days per year receive 22 days of vacation annually. Classified employees and administrators who receive vacation are paid for accumulated unused vacation time upon separation of employment in accordance with Ohio Revised Code Section 3319.084. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit as to the amount of sick leave that may be accumulated. Upon retirement, employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 280 days for classified and up to 320 days for administrators and certified employees.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company sponsored by Medical Mutual of Ohio, in the amount of \$100,000 for all certified and union exempt employees, \$200,000 for all administrators, the treasurer and the superintendent, \$50,000 for all bus drivers and hourly employees and \$50,000 for non-certified support staff employees. Non-union classified employees receive insurance that is double their salary, not to exceed \$100,000.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$699,245, \$600,590, and \$371,036, respectively; 46.05% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$377,238, represents the unpaid contribution for fiscal year 2004.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - DEFINED BENEFIT PENSION PLAN - (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

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

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,216,619, \$2,099,683, and \$1,467,600, respectively; 82.68% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$383,957 represents the unpaid contribution for fiscal year 2004. Contributions to the DC and Combined Plans for fiscal 2004 were \$19,427 made by the District and \$44,997 made by plan members.

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 10 - DEFINED BENEFIT PENSION PLAN - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$170,509 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003 (the latest information available), net health care costs paid by STRS were \$352.301 million and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll, a decrease of 0.92% from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204.931 million and the target level was \$307.4 million. At June 30, 2003, (the latest information available) SERS had net assets available for payment of health care benefits of \$303.6 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$434,796 during the 2004 fiscal year.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 12 - LONG-TERM OBLIGATIONS

A. The balance of the District's governmental activities long-term obligations at June 30, 2003 has been restated. The general obligation bonds have been increased by \$301,991 from \$25,888,221 to \$26,190,212 to properly record accreted interest on the Series 1999 capital appreciation bonds. The effect on the total governmental activities long-term obligation at June 30, 2003 was an increase from \$34,706,487 to \$35,008,478. During the fiscal year 2004, the following changes occurred in governmental activities long-term obligations:

	Restated Balance Outstanding <u>06/30/03</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/04</u>	Amount Due in <u>One Year</u>
<u>General Obligation Bonds:</u>					
Series 1999, Improvement Current Interest Bonds 3.3 - 5.1%, 12/01/23 maturity	\$ 25,100,000	\$ -	\$ (995,000)	\$ 24,105,000	\$ 1,030,000
Series 1999, Improvement Capital Appreciation Bonds 8.16% (average effective) 12/01/12 and 12/01/13 maturity	788,221	-	-	788,221	-
Series 1999, Improvement Capital Appreciation Bonds Accreted Interest	301,991	90,768	-	392,759	
Series 2004, Refunding Current Interest Bonds 2.0 - 4.625%, 12/01/26 maturity	-	4,460,000	-	4,460,000	-
Series 2004, Improvement Capital Appreciation Bonds 24.185% (average effective) 12/01/13 and 12/01/14 maturity	-	39,998	-	39,998	-
Total, general obligation bonds	<u>26,190,212</u>	<u>4,590,766</u>	<u>(995,000)</u>	<u>29,785,978</u>	<u>1,030,000</u>
<u>General Obligation Notes:</u>					
School Improvement, 2002 1.95%, 07/17/03 maturity	5,150,000	-	(5,150,000)	-	-
School Improvement, 2003 1.38%, 07/15/04 maturity	-	4,500,000	-	4,500,000	4,500,000
Total, general obligation notes	<u>5,150,000</u>	<u>4,500,000</u>	<u>(5,150,000)</u>	<u>4,500,000</u>	<u>4,500,000</u>

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

	Restated Balance Outstanding <u>06/30/03</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/04</u>	Amount Due in <u>One Year</u>
<u>Other Obligations:</u>					
Capital lease obligation	195,224	-	(96,002)	99,222	38,582
Compensated absences	3,087,987	590,960	(334,993)	3,343,954	277,017
Arbitrage	<u>385,055</u>	<u>-</u>	<u>(36,053)</u>	<u>349,002</u>	<u>314,102</u>
Total, other obligations	<u>3,668,266</u>	<u>590,960</u>	<u>(467,048)</u>	<u>3,792,178</u>	<u>629,701</u>
Total, all governmental activities long-term liabilities	<u>\$ 35,008,478</u>	<u>\$ 9,681,726</u>	<u>\$ (6,612,048)</u>	\$ 38,078,156	<u>\$ 6,159,701</u>
Add: Unamortized premium on bonds				<u>196,938</u>	
Total on statement of net assets				<u>\$ 38,275,094</u>	
Business-Type Activity:					
Compensated absences	<u>15,968</u>	<u>2,546</u>	<u>(3,569)</u>	<u>14,945</u>	<u>2,326</u>
Total business-type activities, long-term obligations	<u>\$ 15,968</u>	<u>\$ 2,546</u>	<u>\$ (3,569)</u>	<u>\$ 14,945</u>	<u>\$ 2,326</u>

The general obligation bonds will be paid with property tax revenue from the Bond Retirement fund. Compensated absences will be paid from the fund which the employee is paid. Capital lease obligations were paid from the general and building improvement funds because they utilize the assets. The building improvements fund (a nonmajor governmental fund) will pay the arbitrage liability.

Series 2004 School Improvement General Obligation Bonds

On April 8, 2004, the District issued \$4,499,998 in general obligation bonds. The proceeds of the bond issue will be used to retire the Series 2003 School Improvement Notes which mature on July 15, 2004. The Series 2004 school improvement general obligation bond issue is comprised of both current interest bonds, par value \$4,460,000 and capital appreciation bonds, par value \$400,000. The capital appreciation bonds mature on December 1, 2013 and December 1, 2014 (effective interest 24.185%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$39,998. No accreted interest has been included in the statement of net assets at June 30, 2004. The capital appreciation bonds are not subject to redemption prior to maturity. The current interest bonds maturing on December 1, 2026 (the 2026 Term Bonds) are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. That mandatory redemption of the 2026 Term Bonds is to occur on December 1 in each of the years 2024 and 2025 (with the balance of \$320,000 to be paid at stated maturity on December 1, 2026), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2024	\$290,000
December 1, 2025	305,000

The Current Interest Bonds maturing on or after December 1, 2015 are also subject to prior redemption on or after June 21, 2014 by and at the sole option of the Board, either in whole or in part (as selected by the Board) on any date and in integral multiples of \$5,000, at par.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026.

General Obligation Notes

The \$5,150,000 school improvement note issued at 1.95 percent and outstanding at June 30, 2003 was rolled over into the \$4,500,000 school improvement 1.38 percent note. This note is backed by the full faith and credit of the District.

Arbitrage Liability

If debt proceeds are retained by the District beyond the scheduled deadlines, the District is required to pay the federal government a portion of the interest earnings. For the 1999 general obligation bonds, the District has not met the expenditure deadlines. The arbitrage liability is an estimate as of June 30, 2004, with respect to the bonds. The due date of the first rebate payment with respect to the bonds is July 19, 2004. The accrued liability will increase or decrease depending on whether remaining bond proceeds are invested at a yield that is higher or lower than the bond yield.

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2004 are as follows:

Fiscal Year Ending June 30	Current Interest G.O. Bonds (Series 1999)			Capital Appreciation G.O. Bonds (Series 1999)		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 1,030,000	\$ 1,144,988	\$ 2,174,988	\$ -	\$ -	\$ -
2006	610,000	1,111,883	1,721,883	-	-	-
2007	685,000	1,084,993	1,769,993	-	-	-
2008	735,000	1,054,989	1,789,989	-	-	-
2009	835,000	1,021,418	1,856,418	-	-	-
2010 - 2014	2,925,000	4,565,460	7,490,460	2,425,000	-	2,425,000
2015 - 2019	7,425,000	4,111,875	11,536,875	-	-	-
2020 - 2024	9,860,000	1,704,038	11,564,038	-	-	-
Total	<u>\$ 24,105,000</u>	<u>\$ 15,799,644</u>	<u>\$ 39,904,644</u>	<u>\$ 2,425,000</u>	<u>\$ -</u>	<u>\$ 2,425,000</u>

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30	Current Interest G.O. Bonds (Series 2004)			Capital Appreciation G.O. Bonds (Series 2004)		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ -	\$ 202,601	\$ 202,601	\$ -	\$ -	\$ -
2006	160,000	172,057	332,057	-	-	-
2007	165,000	168,808	333,808	-	-	-
2008	170,000	162,245	332,245	-	-	-
2009	170,000	160,995	330,995	-	-	-
2010 - 2014	740,000	721,751	1,461,751	200,000	-	200,000
2015 - 2019	855,000	602,093	1,457,093	200,000	-	200,000
2020 - 2024	1,285,000	361,514	1,646,514	-	-	-
2025 - 2027	915,000	64,866	979,866	-	-	-
Total	\$ 4,460,000	\$ 2,616,930	\$ 7,076,930	\$ 400,000	\$ -	\$ 400,000

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$61,640,545 (including available funds of \$5,878,620) an unvoted debt margin of \$950,532.

NOTE 13 - CAPITALIZED LEASE

During fiscal year 2003, the District entered into capitalized leases for a mower and copiers. In a prior year, the District entered into capitalized leases for a phone system and a backhoe. All leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases" which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been originally capitalized in the amount of \$397,278, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2004 was \$111,399, leaving a current book value of \$285,879.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2004 fiscal year totaled \$96,002 and \$10,205, respectively. These amounts are reported as debt service payments of the general fund and building improvement fund.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 13 - CAPITALIZED LEASE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2004.

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 45,004
2006	32,936
2007	<u>32,935</u>
Total minimum lease payments	110,875
Less: amount representing interest	<u>(11,653)</u>
Present value of minimum lease payments	<u>\$ 99,222</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Lakeshore Northeast Ohio Computer Association

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed organization among eleven Districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports LNOCA based on a per pupil charge. The District contributed \$49,718 to LNOCA during fiscal year 2004. LNOCA is governed by a Board of Directors consisting of a superintendent or designated representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Board of Education, who serves as the fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

B. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the District paid \$6,992 to the Council for membership and other services and \$261,884 for the Council's prepaid natural gas program. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2001. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

NOTE 15 - PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district's superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

B. Risk Sharing Pool

The Suburban Health Consortium is a shared health risk pool created pursuant to state statute for the purpose of administering health care benefits. The council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their District. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance of the terms of the contract.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 16 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 District at June 30, 2004.

B. Litigation

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

NOTE 17 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2004, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 4,652

The interfund loans were necessitated due to the timing of receiving of donations and to cover costs in specific funds where revenues were not received by June 30. These interfund loans will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Permanent Improvement fund	\$ 600,000
Nonmajor governmental funds	<u>164,000</u>
Total	<u>\$ 764,000</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the statement of net assets.

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 18 - SET-ASIDES

The District is required by state statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year 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. In prior years, the District was also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers' compensation refunds continue to be a set-aside for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2003	\$ (352,937)	\$ -	\$ 162,370
Current year set-aside requirement	334,417	334,417	-
Qualifying disbursements	<u>(410,395)</u>	<u>(1,748,646)</u>	<u>-</u>
Total	<u>\$ (428,915)</u>	<u>\$ (1,414,229)</u>	<u>\$ 162,370</u>
Balance carried forward to FY 2005	<u>\$ (428,915)</u>	<u>\$ -</u>	<u>\$ 162,370</u>

The District had qualifying disbursements during the fiscal year that reduced the textbooks set-aside amount below zero. This amount may be used to reduce the set-aside requirement of future years. Although the District had qualifying disbursements during the year that reduced the capital improvements set-aside amount below zero, these extra amounts may not be used to reduce the set-aside requirement in future fiscal years.

A schedule of the governmental restricted assets at June 30, 2004 follows:

Amounts restricted for budget stabilization	<u>\$ 162,370</u>
Total restricted assets	<u>\$ 162,370</u>

ORANGE CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 2004, the District had the following contractual purchase commitments outstanding:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount</u>
Esber Cash Register	Five-terminal cash register system for Orange High School cafeteria	\$ 18,320
Carroll Glass & Maintenance	New exterior door installation for Orange High School	81,606
Western Reserve Pole Building	New Kiwanis storage barn	18,100
Burton Scot Corporation	Asphalt replacement for various District parking lots	98,600
State Wide Contractors	Installation of picnic pavillion by outdoor pool area	16,974
Demoulin Bros.	New uniforms for marching band	49,543
Cuyahoga Educaitonal Service Center	Braille services for student	34,870
Beech Brook	Special education services	10,000
Crestwood Local Schools	Special education services	29,000
Shaker Heights City Schools	Special education services	32,000
Bedford City Schools	Special education services	17,453
Beachwood City Schools	Vocational education services	27,000
Mayfield City Schools	Vocational education services	55,033
Lake Business Products Leasing	Capital lease for eight copiers	60,372
Textron Financial Corporation	Capital lease for riding mower	12,067
American Financial Resources	Capital lease for five copiers	46,669
ComDoc	Operating lease for Xerox Documtech 135 copier	22,680
Total		<u>\$ 630,287</u>

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

ORANGE CITY SCHOOL DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 1,996,207
Net adjustment for revenue accruals	2,128,555
Net adjustment for expenditure accruals	(369,698)
Net adjustment for other financing sources/(uses)	(12,567)
Adjustment for encumbrances	<u>480,832</u>
GAAP basis	<u>\$ 4,223,329</u>

NOTE 21 – STATE SCHOOL FUNDING DECISION

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

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

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

ORANGE CITY SCHOOL DISTRICT

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's special revenue funds follows:

Public School Support Fund

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

Miscellaneous Grants Fund

A fund used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted for specified purposes.

District Managed Activity Fund

A fund provided to account for monies for those student activity programs which have student participation in the activity but do not have student management of the programs.

Auxiliary Services Fund

A fund provided to account for monies which provide services and materials to pupils attending non-public schools within the School District.

Education Management Information System Fund

A fund provided to account for hardware and software development, or other costs associated with the requirement of the management information system.

Entry Year Programs Fund

To implement entry-year programs pursuant to Section 3317.024(T) of the Revised Code.

OneNet Connect Subsidy Fund

To account for money appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund

A fund provided to account for a limited number of professional development subsidy grants.

Interactive Video Distance Learning Fund

A fund used to account for State monies received for learning and technology services.

Student Intervention Fund

A fund used to account for student intervention services satisfying criteria defined in division (E) of Section 3313.608 of the Revised Code.

Miscellaneous State Grants

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

Title VI-B Fund

A fund provided to account for federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

ORANGE CITY SCHOOL DISTRICT

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

Title III Fund

A fund provided to account for federal monies used to assist the School District in meeting the special needs of children of limited English proficiency.

Title I Fund

A fund provided to account for federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Title VI Fund

To account for State of Ohio and federal tech-prep grants that provide for assessing students' vocational interests and aptitudes, and planning an implementing intervention for those students at risk.

Drug Free Schools Grant Fund

A fund provided to account for federal monies which support the implementation of programs for drug abuse education and prevention.

Preschool Disability Fund

To account for monies received for the improvement and expansion of services for handicapped children ages three through five years.

Title VI-R Fund

To account for grant monies used for the hiring of additional teachers.

Miscellaneous Federal Grants

To account for federal revenues received through state agencies from the federal government or directly from the federal

Food Service Fund

To account for monies received and used that are related to the food service operations of the School District.

Memorial Fund

To account for monies to be used for the purchase of library books or other materials for the School District.

Uniform School Supplies Fund

To account for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

Nonmajor Capital Projects Funds

Capital Projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's capital projects funds follows:

Building Improvement Fund

A fund provided to account for all transactions related to the acquiring, construction, or improving of such building improvements.

SchoolNet Plus Fund

A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Telecommunity Fund

A fund provided to account for donations and grant monies used for consultation and teacher reimbursement for secondary education development using telecommunication.

ORANGE CITY SCHOOL DISTRICT

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 579,539	\$ 562,272	\$ 1,141,811
Accounts receivable	50	-	50
Accrued interest receivable.	706	2,030	2,736
Intergovernmental receivable.	98,958	-	98,958
Inventory held for resale	39,444	-	39,444
Materials and supplies inventory	892	-	892
	<u> </u>	<u> </u>	<u> </u>
<i>Total assets.</i>	<u>\$ 719,589</u>	<u>\$ 564,302</u>	<u>\$ 1,283,891</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable.	\$ 26,031	\$ -	\$ 26,031
Accrued wages payable.	66,064	-	66,064
Interfund loan payable	4,652	-	4,652
Pension obligation payable.	9,718	-	9,718
Intergovernmental payable	27,181	-	27,181
Deferred revenue	31,428	-	31,428
Undistributed monies.	5,487	-	5,487
	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities.</i>	<u>170,561</u>	<u>-</u>	<u>170,561</u>
Fund Balances:			
Reserved for encumbrances	77,711	2,817	80,528
Unreserved, undesignated, reported in:			
Special revenue funds	471,317	-	471,317
Capital projects funds	-	561,485	561,485
	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>549,028</u>	<u>564,302</u>	<u>1,113,330</u>
<i>Total liabilities and fund balances.</i>	<u>\$ 719,589</u>	<u>\$ 564,302</u>	<u>\$ 1,283,891</u>

ORANGE CITY SCHOOL DISTRICT

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 1,150,087	\$ -	\$ 1,150,087
Interest	2,515	3,490	6,005
Extracurricular activities	244,742	-	244,742
Classroom materials and fees	81,440	-	81,440
Charges for services	443,993	-	443,993
Miscellaneous	88,781	1,000	89,781
	<u> </u>	<u> </u>	<u> </u>
<i>Total revenue</i>	<u>2,011,558</u>	<u>4,490</u>	<u>2,016,048</u>
Expenditures:			
Current:			
Instruction:			
Regular	200,724	-	200,724
Special	273,809	-	273,809
Support services:			
Pupil	213,761	-	213,761
Instructional staff	45,939	-	45,939
Administration	11,762	-	11,762
Operations and maintenance of plant	2,305	-	2,305
Central	38,350	18,299	56,649
Operation of non-instructional services	4,536	9,901	14,437
Food service operations	519,613	-	519,613
Extracurricular activities	324,887	-	324,887
Facilities acquisition and construction	-	120,630	120,630
Intergovernmental pass through	339,705	-	339,705
Debt service:			
Principal retirement	-	50,135	50,135
Interest and fiscal charges	-	1,159	1,159
	<u> </u>	<u> </u>	<u> </u>
<i>Total expenditures</i>	<u>1,975,391</u>	<u>200,124</u>	<u>2,175,515</u>
<i>Excess of revenues over (under) expenditures</i>	<u>36,167</u>	<u>(195,634)</u>	<u>(159,467)</u>
Other financing sources:			
Transfers in	164,000	-	164,000
	<u> </u>	<u> </u>	<u> </u>
<i>Total other financing sources</i>	<u>164,000</u>	<u>-</u>	<u>164,000</u>
<i>Net change in fund balances</i>	200,167	(195,634)	4,533
<i>Fund balances at beginning of year</i>	<u>348,861</u>	<u>759,936</u>	<u>1,108,797</u>
<i>Fund balances at end of year</i>	<u>\$ 549,028</u>	<u>\$ 564,302</u>	<u>\$ 1,113,330</u>

ORANGE CITY SCHOOL DISTRICT

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004*

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>	<u>Education Management Information Systems</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 48,477	\$ 17,019	\$ 103,452	\$ 55,109	\$ 4,549
Accounts receivable	50	-	-	-	-
Accrued interest receivable.	-	-	-	-	-
Intergovernmental receivable.	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
<i>Total assets.</i>	<u>\$ 48,527</u>	<u>\$ 17,019</u>	<u>\$ 103,452</u>	<u>\$ 55,109</u>	<u>\$ 4,549</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable.	\$ 252	\$ -	\$ 111	\$ -	\$ -
Accrued wages payable.	-	-	-	26,418	-
Interfund loan payable	-	1,400	-	-	-
Pension obligation payable.	-	-	-	3,168	-
Intergovernmental payable	-	-	19	323	-
Deferred revenue	-	-	-	-	-
Undistributed monies.	-	-	-	-	-
<i>Total liabilities.</i>	<u>252</u>	<u>1,400</u>	<u>130</u>	<u>29,909</u>	<u>-</u>
Fund Balances:					
Reserved for encumbrances	-	350	-	49,543	-
Unreserved, undesignated (deficit)	48,275	15,269	103,322	(24,343)	4,549
<i>Total fund balances</i>	<u>48,275</u>	<u>15,619</u>	<u>103,322</u>	<u>25,200</u>	<u>4,549</u>
<i>Total liabilities and fund balances</i>	<u>\$ 48,527</u>	<u>\$ 17,019</u>	<u>\$ 103,452</u>	<u>\$ 55,109</u>	<u>\$ 4,549</u>

Entry Year Programs	OneNet Connect Subsidy	SchoolNet Professional Development	Student Intervention	Miscellaneous State Grants	Title VI-B
\$ 1,277	\$ 199	\$ 1,401	\$ 2,906	\$ 1,024	\$ 72,637
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,140	8,659	-	17,754
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,277</u>	<u>\$ 199</u>	<u>\$ 5,541</u>	<u>\$ 11,565</u>	<u>\$ 1,024</u>	<u>\$ 90,391</u>
\$ 216	\$ -	\$ -	\$ 2,846	\$ -	\$ 20,509
-	-	-	5,647	-	4,505
-	-	-	1,500	-	-
228	-	-	688	-	960
3	-	-	106	-	25,953
-	-	-	-	-	-
-	-	-	-	-	-
<u>447</u>	<u>-</u>	<u>-</u>	<u>10,787</u>	<u>-</u>	<u>51,927</u>
-	-	-	-	-	27,559
<u>830</u>	<u>199</u>	<u>5,541</u>	<u>778</u>	<u>1,024</u>	<u>10,905</u>
<u>830</u>	<u>199</u>	<u>5,541</u>	<u>778</u>	<u>1,024</u>	<u>38,464</u>
<u>\$ 1,277</u>	<u>\$ 199</u>	<u>\$ 5,541</u>	<u>\$ 11,565</u>	<u>\$ 1,024</u>	<u>\$ 90,391</u>

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ORANGE CITY SCHOOL DISTRICT

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2004*

	<u>Title III</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Disability</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 1,059	\$ 6,539	\$ 3,013	\$ 1,380	\$ 75
Accounts receivable	-	-	-	-	-
Accrued interest receivable.	-	-	-	-	-
Intergovernmental receivable.	16,981	14,470	7,513	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
<i>Total assets.</i>	<u>\$ 18,040</u>	<u>\$ 21,009</u>	<u>\$ 10,526</u>	<u>\$ 1,380</u>	<u>\$ 75</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable.	\$ 534	\$ -	\$ 529	\$ 745	\$ 47
Accrued wages payable.	-	13,346	-	-	-
Interfund loan payable	1,500	-	-	-	-
Pension obligation payable.	-	1,568	628	-	-
Intergovernmental payable	11	367	-	-	27
Deferred revenue	13,646	-	5,296	-	-
Undistributed monies.	-	-	-	-	-
<i>Total liabilities.</i>	<u>15,691</u>	<u>15,281</u>	<u>6,453</u>	<u>745</u>	<u>74</u>
Fund Balances:					
Reserved for encumbrances	193	-	66	-	-
Unreserved, undesignated (deficit)	<u>2,156</u>	<u>5,728</u>	<u>4,007</u>	<u>635</u>	<u>1</u>
<i>Total fund balances</i>	<u>2,349</u>	<u>5,728</u>	<u>4,073</u>	<u>635</u>	<u>1</u>
<i>Total liabilities and fund balances</i>	<u>\$ 18,040</u>	<u>\$ 21,009</u>	<u>\$ 10,526</u>	<u>\$ 1,380</u>	<u>\$ 75</u>

Title VI-R	Miscellaneous Federal Grants	Food Service	Memorial	Uniform School Supplies	Total Nonmajor Special Revenue Funds
\$ 3,741	\$ 2,037	\$ 138,547	\$ 57,150	\$ 57,948	\$ 579,539
-	-	-	-	-	50
-	-	500	206	-	706
19,363	-	10,078	-	-	98,958
-	-	9,304	-	30,140	39,444
-	-	892	-	-	892
<u>\$ 23,104</u>	<u>\$ 2,037</u>	<u>\$ 159,321</u>	<u>\$ 57,356</u>	<u>\$ 88,088</u>	<u>\$ 719,589</u>
\$ 207	\$ 35	\$ -	\$ -	\$ -	\$ 26,031
6,406	-	9,742	-	-	66,064
-	-	-	252	-	4,652
794	-	1,684	-	-	9,718
127	3	242	-	-	27,181
12,486	-	-	-	-	31,428
-	-	-	5,487	-	5,487
<u>20,020</u>	<u>38</u>	<u>11,668</u>	<u>5,739</u>	<u>-</u>	<u>170,561</u>
-	-	-	-	-	77,711
<u>3,084</u>	<u>1,999</u>	<u>147,653</u>	<u>51,617</u>	<u>88,088</u>	<u>471,317</u>
<u>3,084</u>	<u>1,999</u>	<u>147,653</u>	<u>51,617</u>	<u>88,088</u>	<u>549,028</u>
<u>\$ 23,104</u>	<u>\$ 2,037</u>	<u>\$ 159,321</u>	<u>\$ 57,356</u>	<u>\$ 88,088</u>	<u>\$ 719,589</u>

ORANGE CITY SCHOOL DISTRICT

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004*

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>	<u>Education Management Information Systems</u>
Revenues:					
Intergovernmental	\$ -	\$ 34,745	\$ -	\$ 361,031	\$ 8,813
Interest	-	-	-	775	-
Extracurricular activities	158,446	-	86,296	-	-
Classroom materials and fees	4,980	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	23,616	-	49,576	-	-
<i>Total revenue</i>	<u>187,042</u>	<u>34,745</u>	<u>135,872</u>	<u>361,806</u>	<u>8,813</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	15,403	-	-	-
Special	2,280	-	-	-	-
Support services:					
Pupil	34,240	4,500	-	-	-
Instructional staff	6,593	2,427	-	-	-
Administration	-	3,706	-	-	-
Operations and maintenance of plant	-	-	-	-	-
Central	-	-	-	-	14,849
Operation of non-instructional services	-	-	-	-	-
Food service operations	-	-	-	-	-
Extracurricular activities	139,477	902	184,508	-	-
Intergovernmental pass through	-	-	-	339,705	-
<i>Total expenditures</i>	<u>182,590</u>	<u>26,938</u>	<u>184,508</u>	<u>339,705</u>	<u>14,849</u>
<i>Excess of revenues over (under) expenditures</i>	<u>4,452</u>	<u>7,807</u>	<u>(48,636)</u>	<u>22,101</u>	<u>(6,036)</u>
Other financing sources:					
Transfers in	-	-	114,000	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>114,000</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	4,452	7,807	65,364	22,101	(6,036)
<i>Fund balances at beginning of year</i>	<u>43,823</u>	<u>7,812</u>	<u>37,958</u>	<u>3,099</u>	<u>10,585</u>
<i>Fund balances at end of year</i>	<u>\$ 48,275</u>	<u>\$ 15,619</u>	<u>\$ 103,322</u>	<u>\$ 25,200</u>	<u>\$ 4,549</u>

<u>Entry Year Programs</u>	<u>OneNet Connect Subsidy</u>	<u>SchoolNet Professional Development</u>	<u>Interactive Video Distance Learning</u>	<u>Student Intervention</u>	<u>Miscellaneous State Grants</u>
\$ 3,300	\$ 12,000	\$ 8,280	\$ -	\$ 27,059	\$ 5,373
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,300</u>	<u>12,000</u>	<u>8,280</u>	<u>-</u>	<u>27,059</u>	<u>5,373</u>
2,470	-	5,692	-	26,281	5,560
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	22,301	-	1,200	-	2,305
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,470</u>	<u>22,301</u>	<u>5,692</u>	<u>1,200</u>	<u>26,281</u>	<u>7,865</u>
<u>830</u>	<u>(10,301)</u>	<u>2,588</u>	<u>(1,200)</u>	<u>778</u>	<u>(2,492)</u>
-	-	-	-	-	-
-	-	-	-	-	-
830	(10,301)	2,588	(1,200)	778	(2,492)
-	10,500	2,953	1,200	-	3,516
<u>\$ 830</u>	<u>\$ 199</u>	<u>\$ 5,541</u>	<u>\$ -</u>	<u>\$ 778</u>	<u>\$ 1,024</u>

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ORANGE CITY SCHOOL DISTRICT

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2004*

	<u>Title VI-B</u>	<u>Title III</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Grant</u>
Revenues:					
Intergovernmental	\$ 273,400	\$ 20,312	\$ 202,732	\$ 18,336	\$ 10,073
Interest	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Classroom materials and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<i>Total revenue</i>	<u>273,400</u>	<u>20,312</u>	<u>202,732</u>	<u>18,336</u>	<u>10,073</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	11,316	-	7,706	-
Special	72,679	-	187,282	-	-
Support services:					
Pupil	159,628	-	-	-	8,671
Instructional staff	4,776	6,700	11,992	6,638	-
Administration	8,056	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services	-	-	-	3,159	817
Food service operations	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Intergovernmental pass through	-	-	-	-	-
<i>Total expenditures</i>	<u>245,139</u>	<u>18,016</u>	<u>199,274</u>	<u>17,503</u>	<u>9,488</u>
<i>Excess of revenues over (under) expenditures</i>	<u>28,261</u>	<u>2,296</u>	<u>3,458</u>	<u>833</u>	<u>585</u>
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
<i>Net change in fund balances</i>	28,261	2,296	3,458	833	585
<i>Fund balances at beginning of year</i>	<u>10,203</u>	<u>53</u>	<u>2,270</u>	<u>3,240</u>	<u>50</u>
<i>Fund balances at end of year</i>	<u>\$ 38,464</u>	<u>\$ 2,349</u>	<u>\$ 5,728</u>	<u>\$ 4,073</u>	<u>\$ 635</u>

Preschool Disability	Title VI-R	Miscellaneous Federal Grants	Food Service	Memorial	Uniform School Supplies	Total Nonmajor Special Revenue Funds
\$ 15,842	\$ 53,749	\$ 14,113	\$ 80,929	\$ -	\$ -	\$ 1,150,087
-	-	-	1,537	203	-	2,515
-	-	-	-	-	-	244,742
-	-	-	-	-	76,460	81,440
-	-	-	443,993	-	-	443,993
-	-	-	-	15,589	-	88,781
<u>15,842</u>	<u>53,749</u>	<u>14,113</u>	<u>526,459</u>	<u>15,792</u>	<u>76,460</u>	<u>2,011,558</u>
-	50,312	7,794	-	-	68,190	200,724
11,568	-	-	-	-	-	273,809
4,770	1,952	-	-	-	-	213,761
1,179	-	4,382	-	1,252	-	45,939
-	-	-	-	-	-	11,762
-	-	-	-	-	-	2,305
-	-	-	-	-	-	38,350
-	525	35	-	-	-	4,536
-	-	-	519,613	-	-	519,613
-	-	-	-	-	-	324,887
-	-	-	-	-	-	339,705
<u>17,517</u>	<u>52,789</u>	<u>12,211</u>	<u>519,613</u>	<u>1,252</u>	<u>68,190</u>	<u>1,975,391</u>
<u>(1,675)</u>	<u>960</u>	<u>1,902</u>	<u>6,846</u>	<u>14,540</u>	<u>8,270</u>	<u>36,167</u>
-	-	-	50,000	-	-	164,000
-	-	-	50,000	-	-	164,000
(1,675)	960	1,902	56,846	14,540	8,270	200,167
<u>1,676</u>	<u>2,124</u>	<u>97</u>	<u>90,807</u>	<u>37,077</u>	<u>79,818</u>	<u>348,861</u>
<u>\$ 1</u>	<u>\$ 3,084</u>	<u>\$ 1,999</u>	<u>\$ 147,653</u>	<u>\$ 51,617</u>	<u>\$ 88,088</u>	<u>\$ 549,028</u>

ORANGE CITY SCHOOL DISTRICT

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2004*

	<u>Building Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 562,272	\$ 562,272
Accrued interest receivable.	2,030	2,030
	<hr/>	<hr/>
<i>Total assets.</i>	<u>\$ 564,302</u>	<u>\$ 564,302</u>
 Fund Balances:		
Reserved for encumbrances	\$ 2,817	\$ 2,817
Unreserved, undesignated	561,485	561,485
	<hr/>	<hr/>
<i>Total fund balances</i>	<u>\$ 564,302</u>	<u>\$ 564,302</u>

ORANGE CITY SCHOOL DISTRICT

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	<u>Building Improvement</u>	<u>SchoolNet Plus</u>	<u>Telecommunity</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
Interest	\$ 3,490	\$ -	\$ -	\$ 3,490
Miscellaneous	1,000	-	-	1,000
<i>Total revenue</i>	<u>4,490</u>	<u>-</u>	<u>-</u>	<u>4,490</u>
Expenditures:				
Current:				
Support services:				
Central	-	186	18,113	18,299
Operation of non-instructional services	9,901	-	-	9,901
Facilities acquisition and construction	120,630	-	-	120,630
Debt service:				
Principal retirement	50,135	-	-	50,135
Interest and fiscal charges	1,159	-	-	1,159
<i>Total expenditures</i>	<u>181,825</u>	<u>186</u>	<u>18,113</u>	<u>200,124</u>
<i>Net change in fund balances</i>	(177,335)	(186)	(18,113)	(195,634)
<i>Fund balances at beginning of year</i>	<u>741,637</u>	<u>186</u>	<u>18,113</u>	<u>759,936</u>
<i>Fund balances at end of year</i>	<u>\$ 564,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,302</u>

ORANGE CITY SCHOOL DISTRICT

COMBINING STATEMENTS - FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

PRIVATE-PURPOSE TRUST FUND

Scholarship Fund

This fund accounts for monies to be set aside for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

AGENCY FUNDS

District Agency Fund

This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Employee Benefits Fund

This fund accounts for monies withheld from employees' paychecks for future childcare and health services purchased by the employee.

Student Managed Activities Fund

This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

ORANGE CITY SCHOOL DISTRICT

*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	<u>Beginning Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2004</u>
District Agency				
Assets:				
Equity in pooled cash and cash equivalents.	<u>\$ 2,726</u>	<u>\$ 8,582</u>	<u>\$ 8,889</u>	<u>\$ 2,419</u>
Liabilities:				
Undistributed monies.	<u>\$ 2,726</u>	<u>\$ 8,582</u>	<u>\$ 8,889</u>	<u>\$ 2,419</u>
 Employee Benefits				
Assets:				
Equity in pooled cash and cash equivalents.	<u>\$ 8,301</u>	<u>\$ 37,204</u>	<u>\$ 32,818</u>	<u>\$ 12,687</u>
Liabilities:				
Undistributed monies.	<u>\$ 8,301</u>	<u>\$ 37,204</u>	<u>\$ 32,818</u>	<u>\$ 12,687</u>
 Student Managed Activities				
Assets:				
Equity in pooled cash and cash equivalents.	<u>\$ 75,179</u>	<u>\$ 126,687</u>	<u>\$ 130,883</u>	<u>\$ 70,983</u>
Liabilities:				
Due to students	<u>\$ 75,179</u>	<u>\$ 126,687</u>	<u>\$ 130,883</u>	<u>\$ 70,983</u>
 Total - All Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	<u>\$ 86,206</u>	<u>\$ 172,473</u>	<u>\$ 172,590</u>	<u>\$ 86,089</u>
Liabilities:				
Undistributed monies.	<u>\$ 11,027</u>	<u>\$ 45,786</u>	<u>\$ 41,707</u>	<u>\$ 15,106</u>
Due to students	<u>75,179</u>	<u>126,687</u>	<u>130,883</u>	<u>70,983</u>
<i>Total liabilities.</i>	<u>\$ 86,206</u>	<u>\$ 172,473</u>	<u>\$ 172,590</u>	<u>\$ 86,089</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN FUND BALANCE/FUND EQUITY -
BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and other local taxes	\$ 30,640,267	\$ 30,500,378	\$ 30,751,896	\$ 251,518
Intergovernmental.	5,773,749	6,055,169	6,026,584	(28,585)
Interest.	296,000	296,000	280,680	(15,320)
Tuition and fees	2,638,700	2,592,200	3,394,980	802,780
Classroom materials and fees	2,000	2,000	3,888	1,888
Rentals	7,500	7,500	7,441	(59)
Miscellaneous.	26,000	26,000	83,043	57,043
<i>Total revenues.</i>	<u>39,384,216</u>	<u>39,479,247</u>	<u>40,548,512</u>	<u>1,069,265</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	10,715,550	10,857,898	10,656,170	201,728
Fringe benefits	3,069,702	3,120,774	3,074,572	46,202
Purchased services	143,522	160,117	139,163	20,954
Materials and supplies.	518,502	483,535	394,910	88,625
Capital outlay	263,811	316,409	255,777	60,632
Total instruction-regular.	<u>14,711,087</u>	<u>14,938,733</u>	<u>14,520,592</u>	<u>418,141</u>
Instruction-special:				
Salaries and wages	4,050,265	2,879,474	2,878,819	655
Fringe benefits	1,438,331	963,903	950,854	13,049
Purchased services	1,001,456	903,535	874,322	29,213
Materials and supplies.	44,249	39,065	28,604	10,461
Capital outlay	31,291	11,352	6,952	4,400
Total instruction-special	<u>6,565,592</u>	<u>4,797,329</u>	<u>4,739,551</u>	<u>57,778</u>
Instruction-vocational:				
Salaries and wages	78,250	78,250	78,002	248
Fringe benefits	17,965	25,965	25,456	509
Purchased services	191,304	276,604	227,134	49,470
Materials and supplies.	4,100	3,300	3,242	58
Total instruction-vocational	<u>291,619</u>	<u>384,119</u>	<u>333,834</u>	<u>50,285</u>
Instruction-other:				
Purchased services	39,675	39,675	30,342	9,333
Total instruction-other	<u>39,675</u>	<u>39,675</u>	<u>30,342</u>	<u>9,333</u>
Support services-pupil:				
Salaries and wages	1,664,750	1,773,516	1,714,124	59,392
Fringe benefits	562,518	584,775	532,369	52,406
Purchased services	32,834	39,934	27,209	12,725
Materials and supplies.	33,631	32,924	29,273	3,651
Total support services-pupil.	<u>2,293,733</u>	<u>2,431,149</u>	<u>2,302,975</u>	<u>128,174</u>

-- Continued

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support services-instructional staff:				
Salaries and wages	\$ 882,500	\$ 1,778,225	\$ 1,691,624	\$ 86,601
Fringe benefits	335,336	721,622	721,633	(11)
Purchased services	119,241	122,413	119,423	2,990
Materials and supplies.	57,888	51,137	47,792	3,345
Capital outlay	19,875	24,626	22,738	1,888
Total support services-instructional staff	<u>1,414,840</u>	<u>2,698,023</u>	<u>2,603,210</u>	<u>94,813</u>
Support services-board of education:				
Salaries and wages	9,600	9,600	7,680	1,920
Fringe benefits	1,509	1,509	1,139	370
Purchased services	21,500	21,500	18,739	2,761
Other	159,058	183,565	182,635	930
Total support services-board of education	<u>191,667</u>	<u>216,174</u>	<u>210,193</u>	<u>5,981</u>
Support services-administration:				
Salaries and wages	1,361,500	1,438,815	1,437,838	977
Fringe benefits	552,049	593,228	595,822	(2,594)
Purchased services	339,062	420,732	355,085	65,647
Materials and supplies.	42,385	41,161	40,590	571
Capital outlay	4,300	6,613	6,121	492
Other	27,450	27,450	18,678	8,772
Total support services-administration.	<u>2,326,746</u>	<u>2,527,999</u>	<u>2,454,134</u>	<u>73,865</u>
Support services-fiscal:				
Salaries and wages	296,000	296,000	295,265	735
Fringe benefits	138,843	140,843	141,349	(506)
Purchased services	45,600	71,714	70,620	1,094
Materials and supplies.	9,600	9,600	8,896	704
Capital outlay	12,500	11,500	4,327	7,173
Other	527,750	535,636	534,890	746
Total support services-fiscal	<u>1,030,293</u>	<u>1,065,293</u>	<u>1,055,347</u>	<u>9,946</u>
Support services-business:				
Salaries and wages	186,000	186,000	184,975	1,025
Fringe benefits	72,081	72,081	71,515	566
Purchased services	94,750	94,750	80,999	13,751
Materials and supplies.	46,700	42,200	28,009	14,191
Capital outlay	33,100	33,100	29,081	4,019
Other	2,650	2,650	1,950	700
Total support services-business	<u>435,281</u>	<u>430,781</u>	<u>396,529</u>	<u>34,252</u>

-- Continued

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support services-operations and maintenance:				
Salaries and wages	\$ 1,591,000	\$ 1,550,000	\$ 1,489,631	\$ 60,369
Fringe benefits	606,882	606,882	596,326	10,556
Purchased services	2,066,799	1,923,718	1,624,086	299,632
Materials and supplies.	259,600	257,600	229,548	28,052
Capital outlay	95,140	95,140	94,835	305
Other	15,000	16,000	15,744	256
Total support services-operations and maintenance	<u>4,634,421</u>	<u>4,449,340</u>	<u>4,050,170</u>	<u>399,170</u>
Support services-pupil transportation:				
Salaries and wages	1,544,250	1,585,250	1,584,781	469
Fringe benefits	694,755	710,755	713,678	(2,923)
Purchased services	155,010	151,687	114,185	37,502
Materials and supplies.	211,785	217,114	209,008	8,106
Capital outlay	298,288	297,888	286,351	11,537
Total support services-pupil transportation	<u>2,904,088</u>	<u>2,962,694</u>	<u>2,908,003</u>	<u>54,691</u>
Support services-central:				
Salaries and wages	402,000	405,000	404,619	381
Fringe benefits	665,745	670,745	590,815	79,930
Purchased services	159,827	164,689	146,709	17,980
Materials and supplies.	63,939	63,939	57,818	6,121
Capital outlay	26,910	27,704	24,434	3,270
Total support services-central	<u>1,318,421</u>	<u>1,332,077</u>	<u>1,224,395</u>	<u>107,682</u>
Operation of non-instructional services:				
Fringe benefits	5,000	5,000	-	5,000
Materials and supplies.	2,642	2,852	1,607	1,245
Total operation of non-instructional services	<u>7,642</u>	<u>7,852</u>	<u>1,607</u>	<u>6,245</u>
Extracurricular activities:				
Salaries and wages	839,835	849,835	806,295	43,540
Fringe benefits	182,002	183,002	165,819	17,183
Purchased services	20,200	200	-	200
Capital outlay	27,000	-	-	-
Total extracurricular activities.	<u>1,069,037</u>	<u>1,033,037</u>	<u>972,114</u>	<u>60,923</u>
Total expenditures	<u>39,234,142</u>	<u>39,314,275</u>	<u>37,802,996</u>	<u>1,511,279</u>

-- Continued

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of revenues over expenditures</i>	<u>150,074</u>	<u>164,972</u>	<u>2,745,516</u>	<u>2,580,544</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	16,967	16,967
Transfers in	-	1,104	1,104	-
Transfers out	(800,000)	(801,104)	(765,104)	36,000
Advances out	-	-	(4,400)	(4,400)
Proceeds from the sale of capital assets	500	500	2,124	1,624
Contingencies	<u>(350,000)</u>	<u>(229,000)</u>	<u>-</u>	<u>229,000</u>
<i>Total other financing sources (uses)</i>	<u>(1,149,500)</u>	<u>(1,028,500)</u>	<u>(749,309)</u>	<u>279,191</u>
 <i>Net change in fund balance</i>	 (999,426)	 (863,528)	 1,996,207	 2,859,735
 <i>Fund balance at beginning of year</i>	 14,400,320	 14,400,320	 14,400,320	 -
<i>Prior year encumbrances appropriated.</i>	<u>308,833</u>	<u>308,833</u>	<u>308,833</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 13,709,727</u>	<u>\$ 13,845,625</u>	<u>\$ 16,705,360</u>	<u>\$ 2,859,735</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and other local taxes	\$ 2,749,926	\$ 2,271,333	\$ 2,306,862	\$ 35,529
Intergovernmental.	350,500	337,246	301,640	(35,606)
Interest.	26,050	26,050	30,803	4,753
<i>Total revenues.</i>	<u>3,126,476</u>	<u>2,634,629</u>	<u>2,639,305</u>	<u>4,676</u>
Expenditures:				
Debt service:				
Principal retirement.	6,145,000	6,145,000	6,145,000	-
Interest and fiscal charges	1,285,440	1,285,440	1,285,136	304
Total debt service	<u>7,430,440</u>	<u>7,430,440</u>	<u>7,430,136</u>	<u>304</u>
<i>Total expenditures</i>	<u>7,430,440</u>	<u>7,430,440</u>	<u>7,430,136</u>	<u>304</u>
<i>Excess of revenues under expenditures</i>	<u>(4,303,964)</u>	<u>(4,795,811)</u>	<u>(4,790,831)</u>	<u>4,980</u>
Other financing sources:				
Proceeds from the sale of bonds.	4,500,000	9,000,000	9,000,000	-
Premium on bonds sold	-	115,772	115,772	-
<i>Total other financing sources</i>	<u>4,500,000</u>	<u>9,115,772</u>	<u>9,115,772</u>	<u>-</u>
<i>Net change in fund balance</i>	196,036	4,319,961	4,324,941	4,980
<i>Fund balance at beginning of year</i>	<u>1,220,205</u>	<u>1,220,205</u>	<u>1,220,205</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 1,416,241</u>	<u>\$ 5,540,166</u>	<u>\$ 5,545,146</u>	<u>\$ 4,980</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other local taxes	\$ -	\$ 421,605	\$ 429,724	\$ 8,119
Interest	27,100	27,100	28,293	1,193
Miscellaneous	28,000	28,000	59,445	31,445
Intergovernmental	-	58,117	49,770	(8,347)
<i>Total revenues</i>	<u>55,100</u>	<u>534,822</u>	<u>567,232</u>	<u>32,410</u>
Expenditures:				
Current:				
Support services-central				
Purchased services	-	11,300	11,300	-
Total support services-central	-	11,300	11,300	-
Facilities acquisition and construction:				
Capital outlay	989,650	1,038,350	1,031,750	6,600
Total facilities acquisition and construction	989,650	1,038,350	1,031,750	6,600
<i>Total expenditures</i>	<u>989,650</u>	<u>1,049,650</u>	<u>1,043,050</u>	<u>6,600</u>
<i>Excess of revenues under expenditures</i>	<u>(934,550)</u>	<u>(514,828)</u>	<u>(475,818)</u>	<u>39,010</u>
Other financing sources:				
Transfers in	600,000	600,000	600,000	-
<i>Total other financing sources</i>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Special items:				
Insurance proceeds	172,000	172,000	260,088	88,088
<i>Net change in fund balance</i>	<u>(162,550)</u>	<u>257,172</u>	<u>384,270</u>	<u>127,098</u>
<i>Fund balance at beginning of year</i>	1,016,919	1,016,919	1,016,919	-
<i>Prior year encumbrances appropriated</i>	189,650	189,650	189,650	-
<i>Fund balance at end of year</i>	<u>\$ 1,044,019</u>	<u>\$ 1,463,741</u>	<u>\$ 1,590,839</u>	<u>\$ 127,098</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues:				
Property taxes	\$ 661,801	\$ 662,859	\$ 667,589	\$ 4,730
Tuition and fees	1,658,161	1,664,471	1,359,133	(305,338)
Transportation	48,458	53,672	32,364	(21,308)
Interest.	30,000	30,000	40,471	10,471
Extracurricular activities.	74,119	74,119	64,364	(9,755)
Sales	7,717	7,717	4,661	(3,056)
Rentals.	26,244	26,244	10,953	(15,291)
Contributions and donations.	4,900	77,640	78,583	943
Miscellaneous	<u>27,968</u>	<u>21,285</u>	<u>22,701</u>	<u>1,416</u>
<i>Total operating revenues</i>	<u>2,539,368</u>	<u>2,618,007</u>	<u>2,280,819</u>	<u>(337,188)</u>
Operating expenses:				
Salaries and wages	1,196,472	1,195,694	1,120,288	75,406
Fringe benefits	398,474	399,323	372,222	27,101
Purchased services	741,909	813,188	533,038	280,150
Materials and supplies	159,640	165,059	116,097	48,962
Capital outlay.	132,605	174,738	131,445	43,293
Other operating expenses.	<u>15,300</u>	<u>15,300</u>	<u>14,545</u>	<u>755</u>
<i>Total operating expenses</i>	<u>2,644,400</u>	<u>2,763,302</u>	<u>2,287,635</u>	<u>475,667</u>
<i>Operating loss</i>	<u>(105,032)</u>	<u>(145,295)</u>	<u>(6,816)</u>	<u>138,479</u>
Nonoperating revenues:				
Operating grants	<u>88,378</u>	<u>110,755</u>	<u>106,621</u>	<u>(4,134)</u>
<i>Total nonoperating revenues</i>	<u>88,378</u>	<u>110,755</u>	<u>106,621</u>	<u>(4,134)</u>
<i>Net income (loss) before transfers.</i>	<u>(16,654)</u>	<u>(34,540)</u>	<u>99,805</u>	<u>134,345</u>
Transfers:				
Transfers in.	-	-	374,076	374,076
Transfers out	-	-	<u>(374,076)</u>	<u>(374,076)</u>
<i>Total transfers</i>	-	-	-	-
<i>Net change in fund balance</i>	(16,654)	(34,540)	99,805	134,345
<i>Fund balance at beginning of year</i>	2,314,915	2,314,915	2,314,915	-
<i>Prior year encumbrances appropriated.</i>	<u>97,105</u>	<u>97,105</u>	<u>97,105</u>	-
<i>Fund balance at end of year.</i>	<u>\$ 2,395,366</u>	<u>\$ 2,377,480</u>	<u>\$ 2,511,825</u>	<u>\$ 134,345</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular activities	\$ 157,470	\$ 166,690	\$ 163,377	\$ (3,313)
Miscellaneous	33,710	36,020	23,616	(12,404)
<i>Total revenues.</i>	<u>191,180</u>	<u>202,710</u>	<u>186,993</u>	<u>(15,717)</u>
Expenditures:				
Current:				
Instruction-special:				
Purchased services	3,960	3,960	943	3,017
Materials and supplies.	1,800	1,800	1,337	463
Total instruction-special	<u>5,760</u>	<u>5,760</u>	<u>2,280</u>	<u>3,480</u>
Support services-pupil:				
Materials and supplies.	33,700	33,700	32,456	1,244
Capital outlay	9,000	9,000	1,785	7,215
Total support services-pupil.	<u>42,700</u>	<u>42,700</u>	<u>34,241</u>	<u>8,459</u>
Support services-instructional staff:				
Purchased services	8,300	5,500	1,150	4,350
Materials and supplies.	8,000	8,000	5,443	2,557
Capital outlay	2,100	2,100	-	2,100
Total support services-instructional staff	<u>18,400</u>	<u>15,600</u>	<u>6,593</u>	<u>9,007</u>
Extracurricular activities:				
Purchased services	113,000	113,720	103,752	9,968
Materials and supplies.	18,570	25,704	21,830	3,874
Capital outlay	8,000	16,099	13,643	2,456
Total extracurricular activities.	<u>139,570</u>	<u>155,523</u>	<u>139,225</u>	<u>16,298</u>
<i>Total expenditures</i>	<u>206,430</u>	<u>219,583</u>	<u>182,339</u>	<u>37,244</u>
<i>Net change in fund balance</i>	(15,250)	(16,873)	4,654	21,527
<i>Fund balance at beginning of year</i>	43,823	43,823	43,823	-
<i>Fund balance at end of year.</i>	<u>\$ 28,573</u>	<u>\$ 26,950</u>	<u>\$ 48,477</u>	<u>\$ 21,527</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 34,746	\$ 34,746	\$ -
<i>Total revenues.</i>	<u>-</u>	<u>34,746</u>	<u>34,746</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular:				
Purchased services	1,058	9,785	6,516	3,269
Materials and supplies.	904	5,371	2,761	2,610
Capital outlay	<u>2,928</u>	<u>14,301</u>	<u>6,127</u>	<u>8,174</u>
Total instruction-regular.	<u>4,890</u>	<u>29,457</u>	<u>15,404</u>	<u>14,053</u>
Support services-pupil				
Capital outlay	-	4,500	4,500	-
Total support services-pupil.	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Support services-instructional staff:				
Purchased services	1,050	350	350	-
Materials and supplies.	-	2,780	2,077	703
Total support services-instructional staff.	<u>1,050</u>	<u>3,130</u>	<u>2,427</u>	<u>703</u>
Support services-administration:				
Materials and supplies.	160	560	92	468
Capital outlay	<u>1,500</u>	<u>3,614</u>	<u>3,614</u>	<u>-</u>
Total support services-administration.	<u>1,660</u>	<u>4,174</u>	<u>3,706</u>	<u>468</u>
Extracurricular activities:				
Purchased services	51	750	750	-
Materials and supplies.	<u>161</u>	<u>547</u>	<u>502</u>	<u>45</u>
Total extracurricular activities.	<u>212</u>	<u>1,297</u>	<u>1,252</u>	<u>45</u>
<i>Total expenditures</i>	<u>7,812</u>	<u>42,558</u>	<u>27,289</u>	<u>15,269</u>
Excess of revenues over (under) expenditures	<u>(7,812)</u>	<u>(7,812)</u>	<u>7,457</u>	<u>15,269</u>
Other financing sources:				
Advances in	-	-	1,400	1,400
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
<i>Net change in fund balance</i>	<u>(7,812)</u>	<u>(7,812)</u>	<u>8,857</u>	<u>16,669</u>
<i>Fund balance at beginning of year</i>	<u>7,812</u>	<u>7,812</u>	<u>7,812</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,669</u>	<u>\$ 16,669</u>

ORANCE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DISTRICT MANAGED ACTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Extracurricular activities	\$ 229,940	\$ 164,490	\$ 86,296	\$ (78,194)
Miscellaneous	54,500	49,500	49,576	76
<i>Total revenues.</i>	284,440	213,990	135,872	(78,118)
Expenditures:				
Current:				
Extracurricular activities:				
Salaries and wages	12,000	16,330	16,330	-
Fringe benefits	2,125	2,769	2,767	2
Purchased services	194,340	177,354	96,252	81,102
Materials and supplies	112,021	74,817	69,457	5,360
Capital outlay	66,500	50,500	49,543	957
Total extracurricular activities.	386,986	321,770	234,349	87,421
<i>Total expenditures</i>	386,986	321,770	234,349	87,421
<i>Excess of revenues under expenditures</i>	(102,546)	(107,780)	(98,477)	9,303
Other financing sources:				
Transfers in	100,000	112,000	114,000	2,000
<i>Total other financing sources</i>	100,000	112,000	114,000	2,000
<i>Net change in fund balance</i>	(2,546)	4,220	15,523	11,303
<i>Fund balance at beginning of year</i>	38,386	38,386	38,386	-
<i>Fund balance at end of year.</i>	\$ 35,840	\$ 42,606	\$ 53,909	\$ 11,303

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 1,200	\$ 1,200	\$ 775	\$ (425)
Intergovernmental	354,009	363,336	361,031	(2,305)
<i>Total revenues.</i>	<u>355,209</u>	<u>364,536</u>	<u>361,806</u>	<u>(2,730)</u>
Expenditures:				
Current:				
Operation of non-instructional services				
Salaries and wages	291,543	157,034	134,980	22,054
Fringe benefits	48,720	49,054	41,254	7,800
Purchased services	25,515	160,472	157,035	3,437
Capital outlay	20,284	19,846	5,389	14,457
Total operation of non-instructional services	<u>386,062</u>	<u>386,406</u>	<u>338,658</u>	<u>47,748</u>
<i>Total expenditures</i>	<u>386,062</u>	<u>386,406</u>	<u>338,658</u>	<u>47,748</u>
Excess of revenues over (under) expenditures	(30,853)	(21,870)	23,148	45,018
Other financing sources:				
Refund of prior year's (expenditures)	81	81	81	-
Total other financing sources	<u>81</u>	<u>81</u>	<u>81</u>	<u>-</u>
<i>Net change in fund balance</i>	(30,772)	(21,789)	23,229	45,018
<i>Fund balance at beginning of year</i>	24,356	24,356	24,356	-
<i>Prior year encumbrances appropriated.</i>	6,760	6,760	6,760	-
<i>Fund balance at end of year.</i>	<u>\$ 344</u>	<u>\$ 9,327</u>	<u>\$ 54,345</u>	<u>\$ 45,018</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EDUCATION MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 8,500	\$ 8,574	\$ 8,813	\$ 239
<i>Total revenues</i>	<u>8,500</u>	<u>8,574</u>	<u>8,813</u>	<u>239</u>
Expenditures:				
Current:				
Support services-central:				
Purchased services	2,078	4,078	2,150	1,928
Materials and supplies	1,833	2,833	802	2,031
Capital outlay	<u>6,679</u>	<u>12,253</u>	<u>11,902</u>	<u>351</u>
Total support services-central	<u>10,590</u>	<u>19,164</u>	<u>14,854</u>	<u>4,310</u>
<i>Total expenditures</i>	<u>10,590</u>	<u>19,164</u>	<u>14,854</u>	<u>4,310</u>
<i>Net change in fund balance</i>	(2,090)	(10,590)	(6,041)	4,549
<i>Fund balance at beginning of year</i>	<u>10,590</u>	<u>10,590</u>	<u>10,590</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 4,549</u>	<u>\$ 4,549</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTRY LEVEL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 3,300	\$ 3,300	\$ -
Total revenues	-	3,300	3,300	-
Expenditures:				
Current:				
Instruction-regular				
Salaries and wages	-	2,384	1,573	811
Fringe benefits	-	516	276	240
Materials and supplies	-	400	390	10
Total instruction-regular	-	3,300	2,239	1,061
<i>Total expenditures</i>	-	3,300	2,239	1,061
<i>Net change in fund balance</i>	-	-	1,061	1,061
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year</i>	\$ -	\$ -	\$ 1,061	\$ 1,061

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ONENET CONNECT SUBSIDY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 12,000	\$ 12,000	\$ -
<i>Total revenues</i>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Expenditures:				
Current:				
Support services-central:				
Purchased services	10,500	22,500	22,301	199
Total support services-central	<u>10,500</u>	<u>22,500</u>	<u>22,301</u>	<u>199</u>
<i>Total expenditures</i>	<u>10,500</u>	<u>22,500</u>	<u>22,301</u>	<u>199</u>
<i>Net change in fund balance</i>	(10,500)	(10,500)	(10,301)	199
<i>Fund balance at beginning of year</i>	10,500	10,500	10,500	-
<i>Fund balance at end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199</u>	<u>\$ 199</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ 4,140	\$ 4,140	\$ -
<i>Total revenues.</i>	<u>-</u>	<u>4,140</u>	<u>4,140</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	600	1,395	250	1,145
Fringe benefits	101	292	44	248
Purchased services	1,255	4,907	4,899	8
Materials and supplies	<u>1,000</u>	<u>371</u>	<u>371</u>	<u>-</u>
Total instruction-regular	<u>2,956</u>	<u>6,965</u>	<u>5,564</u>	<u>1,401</u>
<i>Total expenditures</i>	<u>2,956</u>	<u>6,965</u>	<u>5,564</u>	<u>1,401</u>
<i>Excess of revenues under expenditures.</i>	<u>(2,956)</u>	<u>(2,825)</u>	<u>(1,424)</u>	<u>1,401</u>
Other financing uses:				
Refund of prior year's receipts	-	(131)	(131)	-
<i>Total other financing uses.</i>	<u>-</u>	<u>(131)</u>	<u>(131)</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(2,956)</u>	<u>(2,956)</u>	<u>(1,555)</u>	<u>1,401</u>
<i>Fund balance at beginning of year</i>	<u>2,956</u>	<u>2,956</u>	<u>2,956</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,401</u>	<u>\$ 1,401</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERACTIVE VIDEO DISTANCE LEARNING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Support services-central:				
Purchased services	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
Total support services-central	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Total expenditures	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Net change in fund balance	(1,200)	(1,200)	(1,200)	-
Prior year encumbrances appropriated.	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT INTERVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 27,059	\$ 18,400	\$ (8,659)
Total revenues	-	27,059	18,400	(8,659)
Expenditures:				
Current:				
Instruction-regular				
Salaries and wages	-	17,209	12,292	4,917
Fringe benefits	-	5,763	4,057	1,706
Materials and supplies	-	4,087	3,463	624
Total instruction-regular	-	27,059	19,812	7,247
Total expenditures	-	27,059	19,812	7,247
Excess of revenues over (under) expenditures	-	-	(1,412)	(1,412)
Other financing sources:				
Advances in	-	-	1,500	1,500
Total other financing sources	-	-	1,500	1,500
Net change in fund balance	-	-	88	88
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 88	\$ 88

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS STATE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 5,213	\$ 5,373	\$ 160
<i>Total revenues.</i>	<u>-</u>	<u>5,213</u>	<u>5,373</u>	<u>160</u>
Expenditures:				
Current:				
Instruction-regular:				
Purchased services	2,171	6,079	5,318	761
Materials and supplies	1,334	334	231	103
Total instruction-regular.	<u>3,505</u>	<u>6,413</u>	<u>5,549</u>	<u>864</u>
Support services-operations and maintenance:				
Purchased services	-	2,305	2,305	-
Total support services-operations and maintenance	<u>-</u>	<u>2,305</u>	<u>2,305</u>	<u>-</u>
<i>Total expenditures</i>	<u>3,505</u>	<u>8,718</u>	<u>7,854</u>	<u>864</u>
<i>Excess of revenues under expenditures.</i>	<u>(3,505)</u>	<u>(3,505)</u>	<u>(2,481)</u>	<u>1,024</u>
Other financing uses:				
Refund of prior year's receipts	(18)	(18)	(18)	-
<i>Total other financing uses.</i>	<u>(18)</u>	<u>(18)</u>	<u>(18)</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(3,523)</u>	<u>(3,523)</u>	<u>(2,499)</u>	<u>1,024</u>
<i>Fund balance at beginning of year</i>	<u>3,523</u>	<u>3,523</u>	<u>3,523</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024</u>	<u>\$ 1,024</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 273,400	\$ 273,400	\$ 255,646	\$ (17,754)
<i>Total revenues.</i>	<u>273,400</u>	<u>273,400</u>	<u>255,646</u>	<u>(17,754)</u>
Expenditures:				
Current:				
Instruction-special:				
Salaries and wages	4,740	1,740	504	1,236
Fringe benefits	843	316	90	226
Purchased services	6,645	1,804	1,719	85
Materials and supplies.	37,000	40,448	40,434	14
Capital outlay	<u>25,675</u>	<u>34,522</u>	<u>34,512</u>	<u>10</u>
Total instruction-special	<u>74,903</u>	<u>78,830</u>	<u>77,259</u>	<u>1,571</u>
Support services-pupil:				
Salaries and wages	64,151	62,928	47,771	15,157
Fringe benefits	11,471	11,416	8,452	2,964
Purchased services	91,109	90,866	90,805	61
Materials and supplies.	16,200	13,429	13,429	-
Capital outlay	<u>15,000</u>	<u>12,001</u>	<u>12,000</u>	<u>1</u>
Total support services-pupil.	<u>197,931</u>	<u>190,640</u>	<u>172,457</u>	<u>18,183</u>
Support services-instructional staff:				
Purchased services	3,408	2,953	2,953	-
Materials and supplies.	<u>2,500</u>	<u>2,271</u>	<u>2,270</u>	<u>1</u>
Total support services-instructional staff.	<u>5,908</u>	<u>5,224</u>	<u>5,223</u>	<u>1</u>
Support services-administration:				
Purchased services	4,118	3,141	3,141	-
Materials and supplies.	2,534	1,840	1,839	1
Capital outlay	<u>1,500</u>	<u>6,792</u>	<u>6,792</u>	<u>-</u>
Total support services-administration.	<u>8,152</u>	<u>11,773</u>	<u>11,772</u>	<u>1</u>
Operation of non-instructional services				
Purchased services	<u>1,727</u>	<u>1,727</u>	<u>1,727</u>	<u>-</u>
Total operation of non-instructional services	<u>1,727</u>	<u>1,727</u>	<u>1,727</u>	<u>-</u>
<i>Total expenditures</i>	<u>288,621</u>	<u>288,194</u>	<u>268,438</u>	<u>19,756</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(15,221)</u>	<u>(14,794)</u>	<u>(12,792)</u>	<u>2,002</u>
Other financing uses:				
Refund of prior year's receipts	-	(427)	(427)	-
<i>Total other financing uses.</i>	<u>-</u>	<u>(427)</u>	<u>(427)</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(15,221)</u>	<u>(15,221)</u>	<u>(13,219)</u>	<u>2,002</u>
<i>Fund balance at beginning of year</i>	8,978	8,978	8,978	-
<i>Prior year encumbrances appropriated.</i>	<u>6,243</u>	<u>6,243</u>	<u>6,243</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,002</u>	<u>\$ 2,002</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE III FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 16,306	\$ 26,707	\$ 16,976	\$ (9,731)
<i>Total revenues.</i>	<u>16,306</u>	<u>26,707</u>	<u>16,976</u>	<u>(9,731)</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	-	13,366	8,433	4,933
Fringe benefits	-	2,673	1,474	1,199
Purchased services	16,306	430	168	262
Materials and supplies	-	1,395	1,251	144
Capital outlay	63	-	-	-
Total instruction-regular.	<u>16,369</u>	<u>17,864</u>	<u>11,326</u>	<u>6,538</u>
Support services-instructional staff:				
Purchased services	-	5,034	5,034	-
Materials and supplies	-	2,477	1,565	912
Capital outlay	-	1,394	282	1,112
Total support services-instructional staff	<u>-</u>	<u>8,905</u>	<u>6,881</u>	<u>2,024</u>
<i>Total expenditures</i>	<u>16,369</u>	<u>26,769</u>	<u>18,207</u>	<u>8,562</u>
Excess of revenues over expenditures	<u>(63)</u>	<u>(62)</u>	<u>(1,231)</u>	<u>(1,169)</u>
Other financing sources:				
Advances in	-	-	1,500	1,500
Total other financing sources.	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
<i>Net change in fund balance</i>	<u>(63)</u>	<u>(62)</u>	<u>269</u>	<u>331</u>
<i>Fund balance at beginning of year</i>	<u>63</u>	<u>63</u>	<u>63</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 332</u>	<u>\$ 331</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 221,214	\$ 222,587	\$ 206,745	\$ (15,842)
<i>Total revenues.</i>	<u>221,214</u>	<u>222,587</u>	<u>206,745</u>	<u>(15,842)</u>
Expenditures:				
Current:				
Instruction-special:				
Salaries and wages	207,358	159,976	146,470	13,506
Fringe benefits	3,464	45,833	39,522	6,311
Materials and supplies	141	2,411	965	1,446
<i>Total instruction-special</i>	<u>210,963</u>	<u>208,220</u>	<u>186,957</u>	<u>21,263</u>
Support services-instructional staff:				
Salaries and wages	6,803	7,152	6,364	788
Fringe benefits	1,506	1,443	1,113	330
Purchased services	3,849	7,679	7,679	-
<i>Total support services-instructional staff</i>	<u>12,158</u>	<u>16,274</u>	<u>15,156</u>	<u>1,118</u>
<i>Total expenditures</i>	<u>223,121</u>	<u>224,494</u>	<u>202,113</u>	<u>22,381</u>
<i>Net change in fund balance</i>	(1,907)	(1,907)	4,632	6,539
<i>Fund balance at beginning of year</i>	1,757	1,757	1,757	-
<i>Prior year encumbrances appropriated.</i>	150	150	150	-
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,539</u>	<u>\$ 6,539</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 25,340	\$ 25,340	\$ 17,827	\$ (7,513)
<i>Total revenues.</i>	<u>25,340</u>	<u>25,340</u>	<u>17,827</u>	<u>(7,513)</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	9,010	8,221	3,375	4,846
Fringe benefits	1,724	1,635	587	1,048
Purchased services	4,258	1,744	1,679	65
Materials and supplies	3,108	2,500	1,445	1,055
<i>Total instruction-regular.</i>	<u>18,100</u>	<u>14,100</u>	<u>7,086</u>	<u>7,014</u>
Support services-instructional staff				
Purchased services	5,000	8,500	6,492	2,008
Materials and supplies	-	500	145	355
<i>Total support services-instructional staff.</i>	<u>5,000</u>	<u>9,000</u>	<u>6,637</u>	<u>2,363</u>
Operation of non-instructional services				
Purchased services	600	600	600	-
Materials and supplies	3,172	3,172	2,618	554
<i>Total operation of non-instructional services.</i>	<u>3,772</u>	<u>3,772</u>	<u>3,218</u>	<u>554</u>
<i>Total expenditures</i>	<u>26,872</u>	<u>26,872</u>	<u>16,941</u>	<u>9,931</u>
<i>Net change in fund balance</i>	(1,532)	(1,532)	886	2,418
<i>Fund balance at beginning of year</i>	532	532	532	-
<i>Prior year encumbrances appropriated.</i>	1,000	1,000	1,000	-
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,418</u>	<u>\$ 2,418</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG FREE SCHOOLS GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 10,073	\$ 10,073	\$ 10,073	\$ -
<i>Total revenues.</i>	<u>10,073</u>	<u>10,073</u>	<u>10,073</u>	<u>-</u>
Expenditures:				
Current:				
Support services-pupil:				
Purchased services	7,195	7,219	6,584	635
Materials and supplies.	<u>2,030</u>	<u>2,087</u>	<u>2,087</u>	<u>-</u>
Total support services-pupil.	<u>9,225</u>	<u>9,306</u>	<u>8,671</u>	<u>635</u>
Operation of non-instructional services:				
Purchased services	898	-	-	-
Materials and supplies.	<u>-</u>	<u>817</u>	<u>817</u>	<u>-</u>
Total operation of non-instructional services	<u>898</u>	<u>817</u>	<u>817</u>	<u>-</u>
<i>Total expenditures</i>	<u>10,123</u>	<u>10,123</u>	<u>9,488</u>	<u>635</u>
<i>Net change in fund balance</i>	(50)	(50)	585	635
<i>Fund balance at beginning of year</i>	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635</u>	<u>\$ 635</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PRESCHOOL DISABILITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 15,842	\$ 15,842	\$ 15,842	\$ -
<i>Total revenues.</i>	<u>15,842</u>	<u>15,842</u>	<u>15,842</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-special:				
Materials and supplies	9,035	9,251	9,204	47
Capital outlay	<u>1,299</u>	<u>2,316</u>	<u>2,316</u>	<u>-</u>
Total instruction-special	<u>10,334</u>	<u>11,567</u>	<u>11,520</u>	<u>47</u>
Support services-pupil:				
Purchased services	3,000	2,622	2,595	27
Materials and supplies	1,984	973	973	-
Capital outlay	<u>1,000</u>	<u>985</u>	<u>984</u>	<u>1</u>
Total support services-pupil	<u>5,984</u>	<u>4,580</u>	<u>4,552</u>	<u>28</u>
Support services-instructional staff:				
Purchased services	<u>1,200</u>	<u>1,180</u>	<u>1,180</u>	<u>-</u>
Total support services-instructional staff	<u>1,200</u>	<u>1,180</u>	<u>1,180</u>	<u>-</u>
<i>Total expenditures</i>	<u>17,518</u>	<u>17,327</u>	<u>17,252</u>	<u>75</u>
Excess of revenues over (under) expenditures	<u>(1,676)</u>	<u>(1,485)</u>	<u>(1,410)</u>	<u>75</u>
Other financing uses:				
Refund of prior year's (receipts)	-	(191)	(191)	-
Total other financing uses	<u>-</u>	<u>(191)</u>	<u>(191)</u>	<u>-</u>
<i>Net change in fund balance</i>	(1,676)	(1,676)	(1,601)	75
<i>Fund balance at beginning of year</i>	3	3	3	-
<i>Prior year encumbrances appropriated.</i>	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-R FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 72,868	\$ 74,065	\$ 54,702	\$ (19,363)
<i>Total revenues.</i>	<u>72,868</u>	<u>74,065</u>	<u>54,702</u>	<u>(19,363)</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	42,114	35,068	29,573	5,495
Fringe benefits	16,089	12,010	8,981	3,029
Purchased services	10,125	9,727	9,005	722
Materials and supplies	3,000	3,000	2,788	212
Total instruction-regular.	<u>71,328</u>	<u>59,805</u>	<u>50,347</u>	<u>9,458</u>
Support services-pupil:				
Salaries and wages	-	2,500	-	2,500
Fringe benefits	-	550	-	550
Purchased services	1,918	11,618	1,952	9,666
Total support services-pupil.	<u>1,918</u>	<u>14,668</u>	<u>1,952</u>	<u>12,716</u>
Operation of non-instructional services				
Purchased services	1,278	1,248	525	723
Total operation of non-instructional services	<u>1,278</u>	<u>1,248</u>	<u>525</u>	<u>723</u>
<i>Total expenditures</i>	<u>74,524</u>	<u>75,721</u>	<u>52,824</u>	<u>22,897</u>
<i>Net change in fund balance</i>	(1,656)	(1,656)	1,878	3,534
<i>Fund balance at beginning of year</i>	1,656	1,656	1,656	-
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,534</u>	<u>\$ 3,534</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 10,388	\$ 13,564	\$ 13,563	\$ (1)
<i>Total revenues.</i>	<u>10,388</u>	<u>13,564</u>	<u>13,563</u>	<u>(1)</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	896	-	-	-
Fringe benefits	271	-	-	-
Materials and supplies.	-	159	159	-
Capital outlay	-	7,392	7,392	-
<i>Total instruction-regular.</i>	<u>1,167</u>	<u>7,551</u>	<u>7,551</u>	<u>-</u>
Support services-instructional staff				
Salaries and wages	3,275	2,509	1,573	936
Fringe benefits	709	575	384	191
Purchased services	-	3,180	2,420	760
<i>Total support services-instructional staff.</i>	<u>3,984</u>	<u>6,264</u>	<u>4,377</u>	<u>1,887</u>
Operation of non-instructional services				
Materials and supplies.	150	150	35	115
<i>Total operation of non-instructional services.</i>	<u>150</u>	<u>150</u>	<u>35</u>	<u>115</u>
<i>Total expenditures.</i>	<u>5,301</u>	<u>13,965</u>	<u>11,963</u>	<u>2,002</u>
Excess of revenues over (under) expenditures	<u>5,087</u>	<u>(401)</u>	<u>1,600</u>	<u>2,001</u>
Other financing sources (uses):				
Refund of prior year's (receipts)	(549)	(904)	(904)	-
Refund of prior year's expenditures	90	90	90	-
<i>Total other financing sources (uses)</i>	<u>(459)</u>	<u>(814)</u>	<u>(814)</u>	<u>-</u>
<i>Net change in fund balance.</i>	<u>4,628</u>	<u>(1,215)</u>	<u>786</u>	<u>2,001</u>
<i>Fund balance at beginning of year.</i>	<u>1,216</u>	<u>1,216</u>	<u>1,216</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 5,844</u>	<u>\$ 1</u>	<u>\$ 2,002</u>	<u>\$ 2,001</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ 2,610	\$ 2,610	\$ 2,081	\$ (529)
Charges for services	408,000	408,000	443,993	35,993
Intergovernmental	31,000	31,000	41,643	10,643
<i>Total revenues</i>	<u>441,610</u>	<u>441,610</u>	<u>487,717</u>	<u>46,107</u>
Expenditures:				
Current:				
Food service operations:				
Salaries and wages	210,453	210,453	203,304	7,149
Fringe benefits	115,033	115,033	111,067	3,966
Purchased services	5,000	4,500	-	4,500
Materials and supplies	179,000	179,500	179,471	29
Capital outlay	5,000	5,000	1,427	3,573
Total food service operations	<u>514,486</u>	<u>514,486</u>	<u>495,269</u>	<u>19,217</u>
<i>Total expenditures</i>	<u>514,486</u>	<u>514,486</u>	<u>495,269</u>	<u>19,217</u>
<i>Excess of revenues under expenditures</i>	<u>(72,876)</u>	<u>(72,876)</u>	<u>(7,552)</u>	<u>65,324</u>
Other financing sources:				
Transfers in	85,000	85,000	50,000	(35,000)
<i>Total other financing sources</i>	<u>85,000</u>	<u>85,000</u>	<u>50,000</u>	<u>(35,000)</u>
<i>Net change in fund balance</i>	12,124	12,124	42,448	30,324
<i>Fund balance at beginning of year</i>	96,587	96,587	96,587	-
<i>Fund balance at end of year</i>	<u>\$ 108,711</u>	<u>\$ 108,711</u>	<u>\$ 139,035</u>	<u>\$ 30,324</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MEMORIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ 476	\$ 477	\$ 419	\$ (58)
Miscellaneous	1,600	1,600	16,589	14,989
<i>Total revenues.</i>	<u>2,076</u>	<u>2,077</u>	<u>17,008</u>	<u>14,931</u>
Expenditures:				
Current:				
Support services-instructional staff:				
Materials and supplies	6,034	6,034	85	5,949
Capital outlay	515	515	-	515
Total support services-instructional staff	<u>6,549</u>	<u>6,549</u>	<u>85</u>	<u>6,464</u>
Support services-operations and maintenance:				
Materials and supplies	255	255	-	255
Total support services-operations and maintenance	<u>255</u>	<u>255</u>	<u>-</u>	<u>255</u>
Operation of non-instructional services				
Other	1,500	1,500	1,000	500
Total operation of non-instructional services	<u>1,500</u>	<u>1,500</u>	<u>1,000</u>	<u>500</u>
Extracurricular activities:				
Materials and supplies	755	755	-	755
Total extracurricular activities	<u>755</u>	<u>755</u>	<u>-</u>	<u>755</u>
<i>Total expenditures</i>	<u>9,059</u>	<u>9,059</u>	<u>1,085</u>	<u>7,974</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(6,983)</u>	<u>(6,982)</u>	<u>15,923</u>	<u>22,905</u>
Other financing sources:				
Refund of prior year's (receipts)	-	(1,167)	(1,167)	-
<i>Total other financing sources</i>	<u>-</u>	<u>(1,167)</u>	<u>(1,167)</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(6,983)</u>	<u>(8,149)</u>	<u>14,756</u>	<u>22,905</u>
<i>Fund balance at beginning of year</i>	<u>42,595</u>	<u>42,595</u>	<u>42,595</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 35,612</u>	<u>\$ 34,446</u>	<u>\$ 57,351</u>	<u>\$ 22,905</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNIFORM SCHOOL SUPPLIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services.	\$ 93,215	\$ 93,715	\$ 76,460	\$ (17,255)
<i>Total revenues.</i>	<u>93,215</u>	<u>93,715</u>	<u>76,460</u>	<u>(17,255)</u>
Expenditures:				
Current:				
Instruction-regular:				
Materials and supplies.	88,640	89,058	70,494	18,564
<i>Total instruction-regular.</i>	<u>88,640</u>	<u>89,058</u>	<u>70,494</u>	<u>18,564</u>
Instruction-vocational:				
Materials and supplies.	3,020	3,020	2,002	1,018
<i>Total instruction-vocational.</i>	<u>3,020</u>	<u>3,020</u>	<u>2,002</u>	<u>1,018</u>
<i>Total expenditures</i>	<u>91,660</u>	<u>92,078</u>	<u>72,496</u>	<u>19,582</u>
<i>Net change in fund balance</i>	1,555	1,637	3,964	2,327
<i>Fund balance at beginning of year</i>	53,984	53,984	53,984	-
<i>Fund balance at end of year.</i>	<u>\$ 55,539</u>	<u>\$ 55,621</u>	<u>\$ 57,948</u>	<u>\$ 2,327</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ 6,910	\$ 7,910	\$ 8,542	\$ 632
<i>Total revenues.</i>	<u>6,910</u>	<u>7,910</u>	<u>8,542</u>	<u>632</u>
Expenditures:				
Current:				
Operation of non-instructional services:				
Capital outlay	-	10,000	9,901	99
Total operation of non-instructional services	<u>-</u>	<u>10,000</u>	<u>9,901</u>	<u>99</u>
Facilities acquisition and construction:				
Purchased services	31,118	20,468	20,460	8
Capital outlay	<u>120,740</u>	<u>131,390</u>	<u>129,453</u>	<u>1,937</u>
Total facilities acquisition and construction.	<u>151,858</u>	<u>151,858</u>	<u>149,913</u>	<u>1,945</u>
<i>Total expenditures</i>	<u>151,858</u>	<u>161,858</u>	<u>159,814</u>	<u>2,044</u>
<i>Net change in fund balance</i>	(144,948)	(153,948)	(151,272)	2,676
<i>Fund balance at beginning of year</i>	560,851	560,851	560,851	-
<i>Prior year encumbrances appropriated.</i>	<u>151,858</u>	<u>151,858</u>	<u>151,858</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 567,761</u>	<u>\$ 558,761</u>	<u>\$ 561,437</u>	<u>\$ 2,676</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PLUS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing uses:				
Refund of prior year's (receipts)	\$ (186)	\$ (186)	\$ (186)	\$ -
Total other financing uses	(186)	(186)	(186)	-
<i>Net change in fund balance</i>	(186)	(186)	(186)	-
<i>Fund balance at beginning of year</i>	186	186	186	-
<i>Fund balance at end of year.</i>	\$ -	\$ -	\$ -	\$ -

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TELECOMMUNITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Support services-central:				
Purchased services	\$ 18,113	\$ 18,113	\$ 18,113	\$ -
Total support services-central	<u>18,113</u>	<u>18,113</u>	<u>18,113</u>	<u>-</u>
Total expenditures	<u>18,113</u>	<u>18,113</u>	<u>18,113</u>	<u>-</u>
Net change in fund balance	(18,113)	(18,113)	(18,113)	-
Fund balance at beginning of year	<u>18,113</u>	<u>18,113</u>	<u>18,113</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ORANGE CITY SCHOOL DISTRICT

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOLARSHIP FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues:				
Miscellaneous	\$ -	\$ -	\$ 1,100	\$ 1,100
<i>Total operating revenues</i>	-	-	1,100	1,100
Operating expenses:				
Other operating expenses	5,331	5,331	2,500	2,831
<i>Total operating expenses</i>	5,331	5,331	2,500	2,831
<i>Operating loss</i>	(5,331)	(5,331)	(1,400)	3,931
Nonoperating revenues:				
Earnings on investments	1,506	1,505	1,270	(235)
<i>Total nonoperating revenues</i>	1,506	1,505	1,270	(235)
<i>Net change in fund balance</i>	(3,825)	(3,826)	(130)	3,696
<i>Fund balance at beginning of year</i>	75,436	75,436	75,436	-
<i>Fund balance at end of year</i>	<u>\$ 71,611</u>	<u>\$ 71,610</u>	<u>\$ 75,306</u>	<u>\$ 3,696</u>

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STATISTICAL SECTION

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the School District.

Orange City School District

SUMMARY OF EXPENSES/EXEPENDITURES BY FUNCTION
AND OTHER FINANCING USES - GENERAL GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2004		2003		2002	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Instruction:						
Regular	\$ 16,320,163	\$ 15,568,999	\$ 14,545,778	\$ 14,077,659	\$ 14,568,032	\$ 13,447,944
Special	5,028,484	5,088,254	6,017,671	5,860,971	6,402,994	6,065,966
Vocational	280,092	254,318	241,796	218,558	230,331	202,804
Other	23,649	23,649	11,775	11,775	-	-
Total Instruction	21,652,388	20,935,220	20,817,020	20,168,963	21,201,357	19,716,714
Support services:						
Pupil	2,734,653	2,608,696	2,210,058	2,133,191	2,179,425	2,050,681
Instructional staff	3,081,414	2,890,736	1,480,216	1,430,186	1,460,404	1,277,163
Board of education	141,777	141,777	89,482	90,263	55,562	55,528
Administration	2,606,354	2,502,782	2,291,678	2,212,003	2,398,794	2,192,317
Fiscal	1,053,898	1,045,621	1,032,334	1,028,462	1,024,004	1,001,996
Business	432,204	398,249	396,839	375,221	385,116	371,377
Operations and maintenance of plant	3,386,491	3,154,984	4,213,242	3,993,961	3,763,576	3,558,199
Pupil transportation	3,162,885	2,930,094	3,028,156	2,863,664	2,733,130	2,648,412
Central	938,416	876,060	1,073,794	986,330	721,406	625,026
Operation of non-instructional services	20,045	14,437	39,822	30,782	243,162	243,543
Food service operations	592,915	519,613	589,708	496,404	484,331	395,688
Extracurricular activities	1,385,763	1,293,867	1,464,133	1,408,265	1,360,754	1,239,596
Capital outlay	-	-	-	169,374	-	6,533,745
Total support services	19,536,815	18,376,916	17,909,462	17,218,106	16,809,664	22,193,271
Facilities acquisition and construction	-	1,056,117	-	1,304,673	-	-
Intergovernmental pass through	356,394	339,705	423,977	421,377	-	-
Debt service	1,335,954	7,632,037	1,338,239	8,221,507	1,435,275	8,797,659
Other financing uses	-	764,000	-	734,000	-	515,000
Total expenditures and other uses	\$ 42,881,551	\$ 49,103,995	\$ 40,488,698	\$ 48,068,626	\$ 39,446,296	\$ 51,222,644

Source: School District financial records.

Note: Data from fiscal years 2002-2004 represent all general governmental funds. Data from fiscal years 1995-2001 represent general fund expenditures only, due to lack of information available in these years.

2001	2000	1999	1998	1997	1996	1995
Modified Accrual						
\$ 12,575,490	\$ 12,382,930	\$ 11,927,617	\$ 10,863,782	\$ 10,865,078	\$ 10,956,237	\$ 10,053,296
5,312,916	4,403,836	3,861,795	3,040,528	3,396,377	2,735,873	2,665,791
232,294	213,375	82,633	462,098	80,765	155,495	7,437
-	-	-	-	-	-	-
<u>18,120,700</u>	<u>17,000,141</u>	<u>15,872,045</u>	<u>14,366,408</u>	<u>14,342,220</u>	<u>13,847,605</u>	<u>12,726,524</u>
1,828,256	1,880,710	1,766,724	1,595,650	1,523,242	1,406,961	1,193,739
1,340,897	1,246,584	1,183,157	1,160,595	1,077,766	1,065,683	1,010,373
62,624	69,623	82,571	77,567	108,889	37,292	30,094
2,088,114	1,842,051	1,902,703	1,687,423	1,602,183	1,666,721	1,602,570
862,755	759,674	701,767	727,401	701,223	511,959	534,979
380,977	404,954	412,272	90,817	133,483	131,012	261,235
3,422,458	3,064,224	2,957,963	3,057,897	2,826,846	2,709,935	2,722,351
2,516,022	2,193,991	2,143,592	1,946,960	1,955,948	1,568,174	1,544,981
460,149	521,266	702,422	678,033	558,460	450,180	500,543
6,879	6,859	11,640	9,036	5,346	2,738	2,486
-	-	-	-	-	-	-
752,538	762,477	722,950	650,953	589,802	551,768	491,394
-	-	-	-	-	-	-
<u>13,721,669</u>	<u>12,752,413</u>	<u>12,587,761</u>	<u>11,682,332</u>	<u>11,083,188</u>	<u>10,102,423</u>	<u>9,894,745</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,144	9,689	26,980	42,426	47,525	60,335
<u>1,171,037</u>	<u>3,362,226</u>	<u>685,000</u>	<u>505,000</u>	<u>487,308</u>	<u>488,388</u>	<u>481,000</u>
<u>\$ 33,013,406</u>	<u>\$ 33,118,924</u>	<u>\$ 29,154,495</u>	<u>\$ 26,580,720</u>	<u>\$ 25,955,142</u>	<u>\$ 24,485,941</u>	<u>\$ 23,162,604</u>

Orange City School District

SUMMARY OF REVENUES BY SOURCE - GENERAL GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2004		2003		2002	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program revenues						
Charges for services	\$ 3,026,288	N/A	\$ 5,280,109	N/A	\$ 5,189,739	N/A
Operating grants and contributions	1,154,123	N/A	999,474	N/A	732,912	N/A
Capital grants and contributions	59,445	N/A	104,583	N/A	27,880	N/A
General revenues						
Property and other local taxes	36,198,792	\$ 35,808,052	30,301,514	\$ 30,096,717	38,727,621	\$ 37,947,949
Intergovernmental	6,377,995	7,528,082	5,975,363	6,961,005	5,717,812	6,559,647
Interest	268,877	259,712	440,002	440,002	543,836	543,836
Tuition and fees	-	3,559,349	-	4,043,241	-	4,362,668
Extracurricular	-	244,742	-	391,449	-	186,142
Contributions and donations	-	-	-	68,421	-	2,000
Charges for services	-	443,993	-	557,859	-	576,898
Rentals	-	7,441	-	8,243	-	64,031
Miscellaneous	141,461	226,701	83,258	193,724	78,756	78,756
Other financing sources/special items	260,089	9,977,589	-	6,055,555	-	6,265,000
Total revenue	\$ 47,487,070	\$ 58,055,661	\$ 43,184,303	\$ 48,816,216	\$ 51,018,556	\$ 56,586,927

Source: School District Financial records.

Note: Data from fiscal years 2002-2004 represent all general governmental funds. Data from fiscal years 1995-2001 represent general fund revenues only, due to lack of information available in these years.

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
<u>Modified Accrual</u>						
N/A						
N/A						
N/A						
\$ 25,892,910	\$ 22,198,020	\$ 23,222,986	\$ 22,571,130	\$ 22,070,328	\$ 20,871,663	\$ 18,000,315
4,714,945	6,302,166	5,361,478	4,199,826	4,407,458	3,803,002	3,576,343
304,062	424,856	717,527	444,057	311,654	171,294	152,369
1,224,851	919,285	954,258	1,385,119	3,018,351	782,741	930,037
-	-	-	200	100	10,000	65
35,431	26,851	39,459	40,649	27,398	-	-
24,983	25,311	27,822	31,382	31,857	47,296	7,544
23,316	17,750	5,771	166,090	2,698	5,322	4,550
-	150	756	47	105	181	28,911
<u>\$ 32,220,498</u>	<u>\$ 29,914,389</u>	<u>\$ 30,330,057</u>	<u>\$ 28,838,500</u>	<u>\$ 29,869,949</u>	<u>\$ 25,691,499</u>	<u>\$ 22,700,134</u>

Orange City School District

*PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

<u>Year (1)</u>	<u>Total Tax Levy</u>	<u>Current Collection</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Collection</u>
2003	36,471,190	34,338,004	94.15%	1,197,127
2002	36,294,519	32,885,998	90.61%	1,108,311
2001	35,605,453	33,218,805	93.30%	704,915
2000	27,016,336	25,376,719	93.93%	580,080
1999	26,777,748	25,235,400	94.24%	645,573
1998	24,022,082	22,602,658	94.09%	391,457
1997	23,508,098	22,422,117	95.38%	294,978
1996	23,000,683	22,263,294	96.79%	186,333
1995	19,185,108	17,996,663	93.81%	312,461
1994	18,744,513	17,774,561	94.83%	354,293

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.
- (2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

<u>Total Collection</u>	<u>Percent of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percent of Outstanding Delinquent Taxes to Total Tax Levy</u>
35,535,131	97.43%	2,553,822	7.00%
33,994,309	93.66%	1,702,658	4.69%
33,923,720	95.28%	1,702,658	4.78%
25,956,799	96.08%	1,023,409	3.79%
25,880,973	96.65%	848,328	3.17%
22,994,115	95.72%	654,088	2.72%
22,717,095	96.64%	619,866	2.64%
22,449,627	97.60%	465,616	2.02%
18,309,124	95.43%	330,324	1.72%
18,128,854	96.72%	541,571	2.89%

Orange City School District

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS*

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$ 904,032,290	\$ 2,618,254,600	\$ 10,764,920	\$ 12,232,864
2003	846,280,460	2,417,944,171	10,255,830	14,274,204
2002	827,980,640	2,365,658,971	8,213,920	9,334,000
2001	806,821,810	2,305,205,171	18,440,740	20,955,386
2000	705,439,830	2,015,542,371	16,126,190	18,325,216
1999	693,224,950	1,980,642,714	17,498,780	19,884,977
1998	686,445,870	1,961,273,914	17,227,850	19,577,102
1997	644,072,040	1,840,205,829	17,744,040	20,163,682
1996	632,370,520	1,806,772,914	18,397,650	20,906,420
1995	627,937,640	1,784,107,543	18,479,510	20,999,443

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because that is the manner in which it is maintained by the County Auditor.

- (1) This amount is calculated based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at various percentages.
 Tangible personal property is assessed at 25 percent of actual value.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$ 35,735,048	\$ 155,369,774	\$ 950,532,258	\$ 2,785,857,238	34%
40,705,019	169,604,245	897,241,309	2,601,822,620	34%
43,236,393	172,945,572	879,430,953	2,547,938,543	35%
37,696,353	150,785,412	862,958,903	2,476,945,969	35%
40,664,220	162,656,880	762,230,240	2,196,524,467	35%
36,949,137	147,796,548	747,672,867	2,148,324,239	35%
37,333,996	149,335,984	741,007,716	2,130,187,000	35%
37,205,019	148,820,076	699,021,099	2,009,189,587	35%
43,214,942	172,859,768	693,983,112	2,000,539,102	35%
38,502,106	154,008,424	684,919,256	1,959,115,410	35%

Orange City School District

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS*

Year	School Levy	Library	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
						School	County	Total
2004	\$81.10	\$1.40	\$16.50	\$7.20	\$106.20	\$2.40	\$0.91	\$3.31
2003	81.10	1.40	16.20	7.30	106.00	3.40	0.91	4.31
2002	81.10	1.40	16.20	7.60	106.30	3.40	0.59	3.99
2001	81.10	1.40	16.20	7.60	106.30	3.40	0.79	4.19
2000	71.50	1.40	15.30	7.60	95.80	3.30	0.85	4.15
1999	71.50	1.40	15.30	7.30	95.50	3.30	0.72	4.02
1998	68.20	1.40	16.60	6.90	93.10	0.00	0.60	0.60
1997	68.15	1.40	16.60	6.50	92.65	0.00	0.90	0.90
1996	68.15	1.40	16.60	3.30	89.45	0.00	0.87	0.87
1995	62.60	1.40	16.80	3.30	84.10	0.05	0.76	0.81

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor

Orange City School District

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS*

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2004	\$ 29,785,978	\$ 950,532,258	14,160	3.13%	\$ 2,104
2003	24,377,004	897,241,309	15,039	2.72%	\$ 1,621
2002	25,198,881	879,430,953	15,039	2.87%	1,676
2001	26,511,994	862,958,903	15,039	3.07%	1,763
2000	26,925,168	762,230,240	13,968	3.53%	1,928
1999	27,776,138	747,672,867	13,968	3.72%	1,989
1998	-	741,007,716	13,968	0.00%	-
1997	-	699,021,099	13,968	0.00%	-
1996	65,000	693,983,112	13,968	0.01%	5
1995	130,000	684,919,256	13,968	0.02%	9

Source:

- (1) School District Financial Records.
- (2) Cuyahoga County Auditor.
- (3) U.S. Census of Population.

Orange City School District

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

Assessed Valuation		\$ 950,532,258
Overall Voted Debt Limit - 9% of Assessed Value (1)		\$ 85,547,903
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	\$ 29,785,978	
Less: Amount Available in Debt Service Fund	<u>(5,878,620)</u>	
Net Debt		<u>23,907,358</u>
Overall Voted Debt Margin		<u>\$ 61,640,545</u>
Unvoted Debt Limit - .10% of Assessed Value (1)		\$ 950,532
Amount of Debt Applicable		<u>-</u>
Unvoted Debt Margin		<u>\$ 950,532</u>

Source: Cuyahoga County Auditor and School District Financial Records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt

Orange City School District

*COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
JANUARY 1, 2004*

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percent Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
Orange City School District	\$ 29,785,978	100.00%	\$ 29,785,978
<u>Overlapping:</u>			
Cuyahoga County	183,239,636	2.61%	4,782,554
Regional Transit Authority	100,855,000	2.61%	2,632,316
Orange Village	4,850,000	94.24%	4,570,640
City of Bedford Heights	9,741,000	17.21%	1,676,426
Moreland Hill Village	1,470,000	80.37%	1,181,439
City of Pepper Pike	4,024,051	99.96%	4,022,441
City of Warrensville Heights	11,974,683	3.66%	438,273
City of Solon	28,045,000	2.10%	588,945
Total Overlapping	<u>344,199,370</u>		<u>19,893,035</u>
Total	<u>\$ 373,985,348</u>		<u>\$ 49,679,013</u>

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis (Including School District) because that is the manner in which the information is maintained by the County Auditor.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

Orange City School District

*RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures (1)</u>	<u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u>
2004	\$ 6,145,000	\$ 1,380,830.00	\$ 7,525,830	\$ 38,455,862	19.57%
2003	955,000	1,222,538.00	2,177,538	36,177,003	6.02%
2002	920,000	1,257,703.00	2,177,703	34,542,803	6.30%
2001	865,000	1,289,860.00	2,154,860	33,013,406	6.53%
2000	871,779	1,442,458.00	2,314,237	33,118,924	6.99%
1999	-	-	-	29,154,495	0.00%
1998	-	-	-	26,580,720	0.00%
1997	-	-	-	25,955,142	0.00%
1996	65,000	1,575.00	66,575	24,485,941	0.27%
1995	65,000	4,875.00	69,875	23,162,604	0.30%

Source: School District Financial Records

(1) Includes other financing uses

Orange City School District

*DEMOGRAPHIC STATISTICS
LAST TEN YEARS*

<u>Year</u>	<u>Cuyahoga County Population (1)</u>	<u>Orange City School District Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2004	1,363,888	14,160	2,368	6.0%
2003	1,379,049	15,039	2,376	7.2%
2002	1,393,978	15,039	2,361	4.6%
2001	1,380,421	15,039	2,321	4.5%
2000	1,386,096	13,968	2,251	4.5%
1999	1,386,096	13,968	2,258	4.6%
1998	1,397,694	13,968	2,276	4.4%
1997	1,398,169	13,968	2,279	5.8%
1996	1,403,217	13,968	2,246	5.2%
1995	1,403,239	13,968	2,239	4.8%

- (1) U.S. Census of Population.
(2) School District Records.
(3) Ohio Department of Job and Family Services.

Orange City School District

*PROPERTY VALUE, INDUSTRIAL EMPLOYMENT
AND FINANCIAL INSTITUTION DEPOSITS
LAST TEN YEARS*

Year	Property Value (1) (Real Estate Only)	Industrial Employment	Financial Institution Deposits (000's) Banks
2004	\$ 2,618,254,600	N/A	\$ 93,879,318
2003	2,417,944,171	N/A	99,508,177
2002	2,365,658,971	N/A	88,346,368
2001	2,305,205,171	N/A	61,942,764
2000	2,015,542,371	N/A	57,816,942
1999	1,980,642,714	N/A	58,904,596
1998	(2) 1,961,273,914	N/A	53,941,971
1997	1,840,205,829	N/A	27,068,211
1996	1,806,772,914	N/A	22,458,573
1995	1,784,107,543	N/A	20,885,453

Source: Ohio Bureau of Employment Service, Cuyahoga County Auditor and Federal Reserve Bank of Cleveland.

(1) Represents estimated actual value.

(2) Large increase in deposits is due to Key Bank becoming a single charter bank in 1997.

N/A Not Available.

Orange City School District

PRINCIPAL TAXPAYERS
REAL ESTATE TAX
DECEMBER 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Hallwood 95, L.P.	\$ 6,705,090	0.74%
Miles Road L.L.C.	4,765,330	0.53%
Duke Realty Ltd. Partnership	4,406,850	0.49%
Cleveland Electric Illuminating Company	4,205,440	0.46%
AM Castle and Company	3,933,450	0.43%
Lander Circle Co.	3,327,050	0.37%
Marlota Glazer Rlty Co	3,056,280	0.34%
Olympic Steel	3,005,840	0.33%
Country Club, Incorporated	2,722,340	0.30%
WC Beachwood, LLC	<u>2,690,420</u>	<u>0.30%</u>
Total	<u>\$ 38,818,090</u>	<u>4.29%</u>
Real Property Assessed Value	<u>\$ 904,032,290</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2003 collection year.

Orange City School District

PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
AM Castle and Company	\$ 592,767	1.66%
American Spring Wire Corporation	490,937	1.37%
Olympic Steel, Incorporated	477,945	1.34%
Sherwin Williams Company	373,001	1.04%
Lowe's Home Centers, Incorporated	187,600	0.52%
Southern Electric Supply Company, Incorporated	134,145	0.38%
Alson Jewelers, Incorporated	106,051	0.30%
Formtek Cleveland, Incorporated	98,489	0.28%
Cleveland Coca-Cola	76,790	0.21%
Forest City Enterprises, Incorporated	<u>61,777</u>	<u>0.17%</u>
Total	<u>\$ 2,599,502</u>	<u>7.27%</u>
Tangible Assessed Value	<u>\$ 35,735,048</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2003 collection year.

Orange City School District

*PRINCIPAL TAXPAYERS
PUBLIC UTILITIES TAX
DECEMBER 31, 2003*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 5,042,820	46.84%
Ohio Bell Telephone Company	1,801,500	16.73%
American Transmission System	661,620	6.15%
East Ohio Gas	<u>611,850</u>	<u>5.68%</u>
Total	<u>\$ 8,117,790</u>	<u>75.41%</u>
Public Utility Assessed Value	<u>\$ 10,764,920</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2003 collection year.

Orange City School District

*PER PUPIL COST
LAST TEN FISCAL YEARS*

<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2004	\$ 38,455,862	2,368	\$ 16,240
2003	36,177,003	2,376	15,226
2002	34,542,803	2,361	14,631
2001	33,013,406	2,321	14,224
2000	33,118,924	2,251	14,713
1999	29,154,495	2,258	12,912
1998	26,580,720	2,276	11,679
1997	25,955,142	2,279	11,389
1996	24,485,941	2,246	10,902
1995	23,162,604	2,239	10,345

Source: School District Financial Records.

(1) Includes Other Financing Uses.

Orange City School District

*TEACHER EDUCATION AND EXPERIENCE
AS OF JUNE 30, 2004*

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Associates	1	0.42%
Bachelor's Degree	54	22.78%
Master's Degree	178	75.11%
Ph.D.	<u>4</u>	<u>1.69%</u>
	<u>237</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	60	25.32%
6 - 10	36	15.19%
11 and over	<u>141</u>	<u>59.49%</u>
	<u>237</u>	<u>100.00%</u>

Source: School District Personnel Records

Orange City School District

*MISCELLANEOUS DEMOGRAPHIC STATISTICS
LAST TEN YEARS*

<u>Year</u>	<u>Orange School Enrollment</u>	<u>Number of Families in the Orange School District</u>	<u>Percentage of Families in District with No Children</u>	<u>Percentage of School-age Children at Private/Parochial Schools</u>
2004	2,368	5,571	69%	24%
2003	2,376	5,533	71%	23%
2002	2,361	5,474	71%	21%
2001	2,321	5,462	68%	23%
2000	2,251	5,438	65%	21%
1999	2,258	5,415	68%	30%
1998	2,276	5,259	70%	17%
1997	2,279	5,201	69%	21%
1996	2,246	5,197	68%	21%
1995	2,239	5,141	67%	20%

Source: Statistics compiled by the Census Coordinator of the Orange City School District.

Note: The Orange City School District includes all of the suburbs of Pepper Pike, Woodmere, Orange, Moreland Hills, Hunting Valley, and parts of Bedford Heights, Warrensville Heights, and Solon, so statistics from state or city agencies are not valid in most cases.



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**ORANGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2004**