

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Auditor of State  
Betty Montgomery**



ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY

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**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$30,485	\$0	\$30,485
National School Lunch Program	N/A	10.555	58,252	0	58,252	0
Total U.S. Department of Agriculture - Nutrition Cluster			58,252	30,485	58,252	30,485
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education: Grants to States	6B-SF-05	84.027	61,965	0	123,680	0
Special Education: Grants to States	6B-SF-06	84.027	403,157	0	359,347	0
Subtotal Special Education: Grants to States			465,122	0	483,027	0
Special Education: Preschool Grant	PG-S1-05	84.173	(982)	0	1,247	0
Special Education: Preschool Grant	PG-S1-06	84.173	19,327	0	17,050	0
Subtotal Special Education: Preschool Grant			18,345	0	18,297	0
Total Special Education Cluster			483,467	0	501,324	0
Title I - Grants to Local Educational Agencies	C1-S1-05	84.010	6,488	0	19,191	0
Title I - Grants to Local Educational Agencies	C1-S1-06	84.010	105,352	0	96,280	0
Title I - Grants to Local Educational Agencies	C1-SN-05	84.010	3,180	0	6,812	0
Title I - Grants to Local Educational Agencies	C1-SN-06	84.010	49,082	0	47,106	0
Total Title I - Grants to Local Educational Agencies			164,102	0	169,389	0
Safe and Drug-Free Schools and Communities: State Grants	DR-S1-05	84.186	(3,387)	0	0	0
Safe and Drug-Free Schools and Communities: State Grants	DR-S1-06	84.186	13,665	0	12,428	0
Total Safe and Drug-Free Schools Grant			10,278	0	12,428	0
Innovative Education Program Strategies Grant	C2-S1-05	84.298	2,148	0	2,200	0
Innovative Education Program Strategies Grant	C2-S1-06	84.298	9,143	0	8,790	0
Total Innovative Education Program Strategies Grant			11,291	0	10,990	0
Title II-A Grant	TR-S1-05	84.367	17,039	0	17,149	0
Title II-A Grant	TR-S1-06	84.367	48,372	0	47,141	0
Total Title II-A Grant			65,411	0	64,290	0
Title II-D Technology Literacy Challenge Funds	TJ-S1-05	84.318	(1,241)	0	0	0
Title II-D Technology Literacy Challenge Funds	TJ-S1-06	84.318	4,170	0	3,797	0
Total Title II-D Technology Literacy Challenge Funds			2,929	0	3,797	0
Title III LEP - English Language Acquisition Grants	T3-S1-05	84.365	(2,831)	0	0	0
Title III LEP - English Language Acquisition Grants	T3-S1-06	84.365	4,095	0	2,629	0
Total Title III LEP - English Language Acquisition Grants			1,264	0	2,629	0
Title III, Part B - Grants for Supportive Services and Senior Centers	N/A	93.044	4,914	0	4,914	0
Title III, Part E - National Family Caregiver Support	N/A	93.052	800	0	800	0
Total U.S. Department of Education			744,456	0	770,561	0
<b>Total Federal Financial Assistance</b>			<b>\$802,708</b>	<b>\$30,485</b>	<b>\$828,813</b>	<b>\$30,485</b>

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

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2006**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND 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, 2006, 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 2005 grant year to the 2006 grant year for four separate grants. These amounts are shown as negative receipts for the 2005 grant year and positive receipts in the 2006 grant year. This action by ODE allowed the District to extend the availability period for expenditure of these receipts.

CFDA – Catalog of Federal Domestic Assistance



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the 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, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 4, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 4, 2006, we reported other matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for 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

December 4, 2006



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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

To the Board of Education:

#### **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 apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Orange City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

#### **Internal Control Over Compliance**

The District's management 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 directly and materially affect a major federal program 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Federal Awards Receipts and Expenditures**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Orange City School District as of and for the year ended June 30, 2006, and have issued our report thereon dated December 4, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 4, 2006

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

**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 noncompliance 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, 2006***

***Issued By:  
Treasurer's Office***



**Orange City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2006*  
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December 4, 2006

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, 2006. 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 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 Letter of Transmittal, List of Principal Officials, an Organizational Chart of the District, GFOA Certificate of Achievement for Excellence in Financial Reporting and ASBO Certificate of Excellence in Financial Reporting.
2. The Financial Section, which begins with the Independent Accountants' Report and includes the Management's Discussion and Analysis, Basic Financial Statements and Notes thereto 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 12<sup>th</sup> 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.

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 as recently as 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 pre-K-5. In 2003, the new school earned the distinction of becoming an Ohio Hall of Fame School based on its quality efforts. The original Moreland Hills Elementary School was converted to a centralized maintenance and technology 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 1990-1991 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 District's 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 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.

Many of the District's 2,354 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 and technology 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 66 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 23 students 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 33 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. Approximately 97 percent of the District's graduates pursue higher education. Over the past 25 years, residents have passed all school operating levies placed on the ballot for their approval. Most recently, a .95-mill replacement levy for the Orange Community Education and Recreation Department was approved by 67.3 percent of the voters in November 2005. 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 of the District to which the Treasurer ensures adherence.

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 purpose 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", as amended by Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations are Component Units." 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. Based upon the application of these criteria, the District has no component units and is not itself a component unit. The basic financial statements of the reporting entity include only those of the District (the primary government).

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 and collaboration time 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:

- Provide useful and timely financial information in accordance with recognized standards, including, but not limited to, detailed spending/revenue plans and financial forecasts.

- Implement and maintain strong internal controls.
  - Seek out opportunities to increase efficiencies through the use of available technology, when feasible.
  - Pursue appropriate non-traditional school funding sources.
  - Provide a clear accounting of the revenues and expenditures from school operation, bond retirement, permanent 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 on a temporary appropriation measure prior to July 1 and a permanent appropriation measure prior to October 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 correspondence, 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 strengthen community relationships.
  - Continue to re-evaluate the system by which the Board of Education sets agendas, tracks issues and completes its annual evaluation.

## *Major Initiatives for School Year 2005-2006*

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 2006, the District engaged the American Society for Quality to help facilitate continuous improvement efforts through a series of in depth trainings. The primary objective of this undertaking was to introduce participants to so called plan-do-study-act tools that allow for the formalization of thinking, data collection, implementation and solution identification. The initiative was well received by personnel and was immediately used to systematically analyze a number of existing issues in various departments of the District with great success.

During fiscal year 2006, the District contracted with PLATO Learning to begin implementation of two products to support and improve student achievement. The first, Data Management & Analytics, allows for the storage and longitudinal analysis of student data across multiple years comparing individual, classroom and school data against state and national standards. The second, eduTest Assessment, is a comprehensive online assessment solution that quickly identifies strengths and needs for students, classrooms, schools or the entire District. The product guides instructional decisions to improve student achievement over time.

In the fall of 2005, the Orange Community Education and Recreation Department developed a plan to educate voters and garner support for a .95-mill replacement levy for the purpose of operating and maintaining recreational facilities. The levy was approved by 67.3 percent of the voters in November 2005.

During fiscal year 2006, the Board reviewed and revised several Board policies to ensure compliance with current law and to more efficiently and effectively address certain operational areas within the District. This process was completed with the input of the Superintendent, Treasurer and school building-level management.

## *Future Projects*

During a building inspection in 2005, cracks caused by heavy snowfall were noticed in several of the wooden trusses above the High School media center. With the safety of the students in mind, administrators and the Board of Education deemed it necessary to replace the wooden trusses with steel trusses that would provide a stronger and safer solution. The District also decided to take this important repair and turn it into an opportunity to provide students with a high-tech, state-of-the-art media center where they could research, gather and share information through a seamless environment. Planned improvements include, but are not limited to, interactive video distance learning, wireless capabilities in three labs, new furniture, light fixtures, a new mathematics classroom and science lab above the media center, and two skylights to bring in more natural lighting. The project commenced in the summer of 2006. It is the hope of the District that these technology, configuration and aesthetic upgrades will provide an enhanced study and workgroup environment that will better address the needs of Orange students for years to come.

The District will continue with its district-wide improvement process through its affiliate participation with the Schlechty Center for Leadership and School Reform (CLSR) and its further implementation and continued usage of the aforementioned quality tools introduced by the American Society for Quality and student data analysis and assessment tools purchased through PLATO Learning.

## ***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 percent with 97 percent of graduates continuing their education at an institution of higher learning.
- 2) Five hundred thirteen advanced placement exams taken with 90 percent of all scores being a 3 or better, placing the District's students in the top 1 percent of all test takers in the Country.
- 3) One hundred eleven students at Orange High School have been named Advanced Placement Scholars by the College Board in recognition of their exceptional achievements on advanced placement examinations. This number represents 53 percent of students taking advanced placement exams.

- 4) Nineteen National Advanced Placement Scholar winners, nine finalists and seven commended students.
- 5) Orange High School students who took the SAT exam in the 2005-2006 school year scored an average of 564 on the critical reading section, 577 on the math section and 549 on the writing section. This was well above the national averages of 503 for critical reading, 518 for math and 497 for writing.

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.

Eighty percent of the District's valuation is comprised of residential property, which proves the District is an ideal suburban setting. The valuation of this property has increased approximately 41 percent since fiscal year 1997. During the same period of time, the industrial base has increased approximately 58 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 a loss of revenue from the personal property tax on inventory. Similarly, the passage of the most recent State biennial budget, Am. Sub. House Bill 66, will result in the complete phase out of revenues derived from tangible personal property taxes by the 2018 tax year.

Property taxes and related state entitlements made up approximately 92 percent of the District's total general fund revenue in fiscal year 2006. 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 2005-2006 enrollment of 2,354 compared with the 1985-1986 enrollment of 1,886 reflects an increase of 468 students, or 25 percent, over the 20 year period. Based on recent demographic studies conducted by 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 Success" to offer recommendations on how the State can better fund education. This task force issued its report to the Governor in February of 2005. A copy of this report in its entirety can be accessed at <http://www.blueribbontaskforce.ohio.gov/>. The District is currently unable to determine what effect, if any, these recommendations 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 passed a 5-mill, continuous general operating levy in November 2004 with a 58.4 percent vote of confidence. This levy generates approximately \$4.7 million per year for the general fund. The District also passed a 9.5-mill general operating levy in November 2000 with a 59 percent vote of confidence. This levy generates approximately \$7.2 million annually for the general fund. 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, continuous 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. Fund financial 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 received. 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 and each receipt, ensure that the financial information generated is both accurate and reliable.

As provided by Law, prior to the beginning of each fiscal year, the Board of Education adopts a temporary appropriation measure that remains in effect during the first three months of the ensuing fiscal year. Prior to October 1 of each fiscal year, the Board of Education adopts a permanent appropriation measure, which supersedes the previously passed temporary appropriation measure.

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 for the governmental funds, and the fund-cost center level for the proprietary fund. Within the District's accounting system, a more stringent management budget is controlled at the object level within each function and fund. Budget transfers between and among budget accounts are approved by the Treasurer and Superintendent. All purchase order requests must be approved by the Building Principal or another appropriate Supervisor 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 supplemental appropriations passed 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*

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.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (MD&A). The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Accountants' Report and should be read in conjunction with this transmittal letter.

## *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, STAR Ohio, corporate commercial paper and other investments allowed by State law and the District's Board approved 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 District retained the services of Productive Portfolios, Inc., a registered investment advisory firm, during fiscal year 2006 to assist in its investing strategy and to obtain even greater returns on investments while adhering to the principles of principal preservation and liquidity. The total amount of interest earned on investments for the fiscal year ended June 30, 2006 was \$1,155,394, with \$889,442 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 percent of public funds deposited. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold collateral for public deposits.

In January of 2005, the Board formally affirmed and declared a practice in the interest of sound fiscal management by which the District will maintain a general fund cash balance equivalent to at least three months of operating expenses. This practice along with other factors, including a history of successful levy campaigns attributable to the community's ongoing support for the maintenance of the District's financial position, contributed to the District receiving the highest rating from two nationally recognized financial rating services. Moody's Investors Service gave the District its highest rating of Aaa, while Standard & Poor's gave the District its highest rating of AAA. The Orange City School District was the first district in the State of Ohio to ever receive Standard & Poor's highest rating. These achievements will allow the District to secure better interest rates on all future credits and investments.

### *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 maintains 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 also has insurance contracts for its buildings and contents, vehicles and crime protection. The District also contracts with private firms to assist in the management of 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 the Orange City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. 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.

*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, 2005, 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 submitted for the fiscal year ended June 30, 2006, 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. Auditor of State Betty Montgomery was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 2006. 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 school districts 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 from the County Auditor's office, surrounding community administrators and other outside agencies made possible the fair presentation of statistical data.

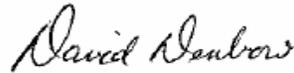
Special appreciation is expressed to the accounting firm of Julian & Grube Inc., for their assistance in preparing this financial report as well as to the Communications Department of the District for designing the cover and divider pages of this report.

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



David Denbow  
Treasurer

**Orange City School District  
List of Principal Officials  
As of June 30, 2006**

***Board of Education***

Mr. Tom Bonda	President
Mr. Vincent Carbone	Vice-President
Mrs. Cynthia Eickhoff	Member
Mrs. Dagmar Fellowes	Member
Mr. Stanley Morganstern	Member

***Treasurer/Director of Budget Services***

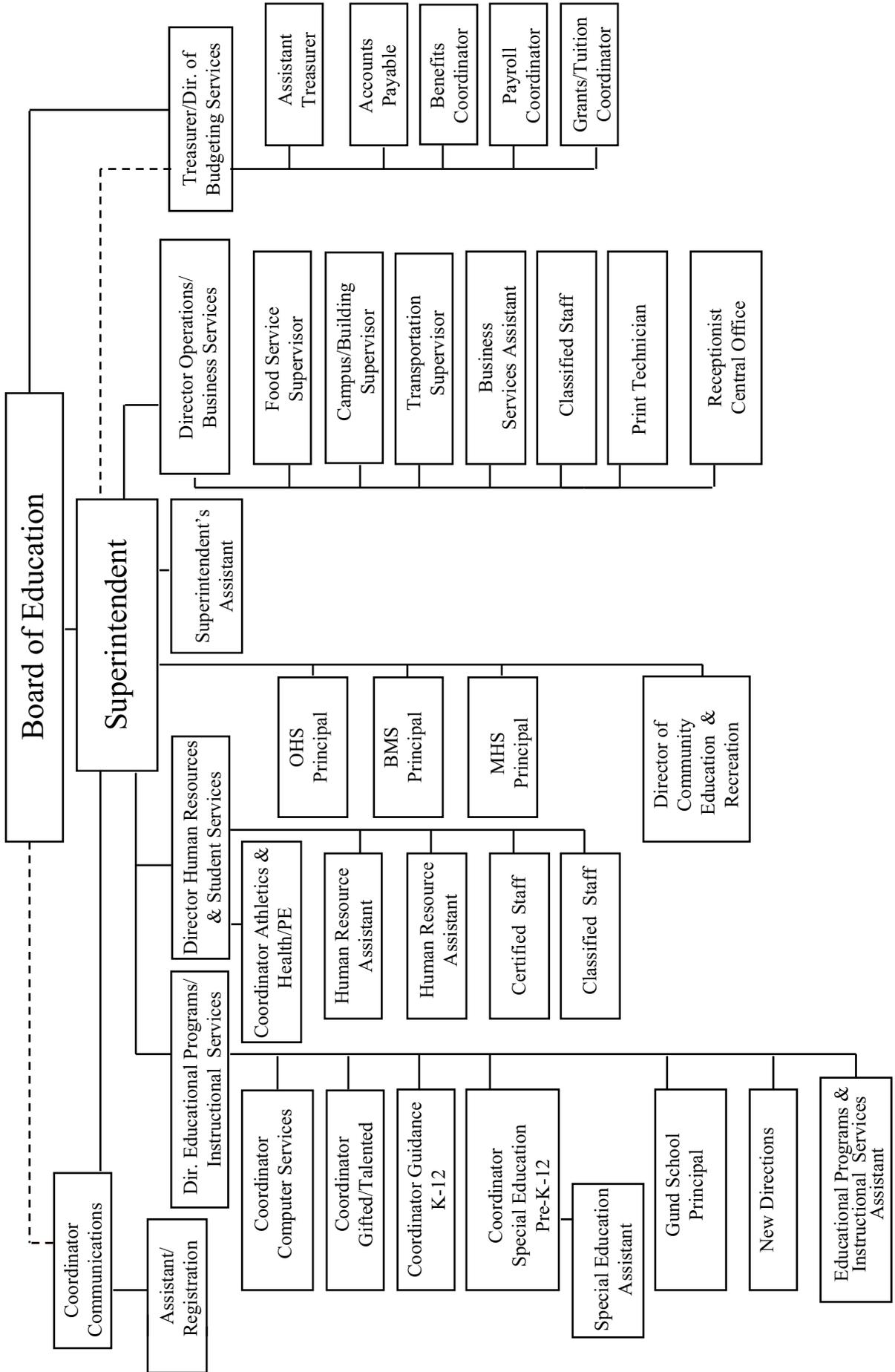
Mr. David Denbow

***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
Mrs. April Siegel-Green	Coordinator of Special Education
Mr. Lou DeVincentis	Coordinator of Communications
Mrs. Laura Guentner	Director of Recreation
Mr. Kurt Bernardo	Coordinator of Computer Services
Mr. Neil Barnes, CPA	Assistant Treasurer
Mr. Phil Dickinson	Director of Operations and Business Services
Mrs. Cindy Finohr	Supervisor of Food Services
Mrs. Nancy Belle-Gordon	Supervisor of Transportation Services
Mr. Jim Taylor	Campus Supervisor

# Orange Schools Administrative Position Chart

2005-2006



# 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, 2005

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



*Carla E. Perry*

President

*Jeffrey R. Emery*

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, 2005

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

President

Interim Executive Director

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the 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, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, the 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, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the 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 December 4, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required 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](http://www.auditor.state.oh.us)

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor 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

December 4, 2006

## ORANGE CITY SCHOOL DISTRICT

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 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, 2006. 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 2006 are as follows:

- In total, net assets increased \$3,504,010. Net assets of governmental activities increased \$2,658,723, which represents a 6.83% increase from 2005. Net assets of business-type activities increased \$845,287 or 16.49% from 2005.
- General revenues accounted for \$44,834,416 in revenue or 88.75% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,681,867 or 11.25% of total governmental revenues of \$50,516,283.
- The District had \$47,857,560 in expenses related to governmental activities; only \$5,681,867 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$44,834,416 were adequate to provide for these programs.
- One of the District's major governmental funds is the general fund. The general fund had \$44,535,960 in revenues and \$42,182,833 in expenditures and other financing uses. The general fund's fund balance increased \$2,353,127 from \$21,918,833 to \$24,271,960.
- One of the District's other major governmental funds is the bond retirement fund. The bond retirement fund had \$2,259,879 in revenues and \$2,053,940 in expenditures. The bond retirement fund's fund balance increased \$205,939 from \$1,249,761 to \$1,455,700.
- The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$1,115,749 in revenues and other financing sources and \$1,590,387 in expenditures. The permanent improvement fund's fund balance decreased \$474,638 from \$2,231,015 to \$1,756,377.
- Net assets for the District's enterprise fund, the recreation fund, increased \$845,287 or 16.49%. The recreation fund's net assets increased from \$5,127,018 to \$5,972,305 on expenses of \$2,236,723 versus revenues (both operating and non-operating) of \$3,082,010.

#### **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, 2006 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 2006? 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 and major enterprise fund begins on page 12. 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, 2006 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 33-62 of this report.

**ORANGE CITY SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**The District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2006 and 2005.

**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b><u>Assets</u></b>						
Current assets	\$ 72,104,215	\$ 66,985,308	\$ 3,875,044	\$ 2,935,652	\$75,979,259	\$69,920,960
Capital assets, net	<u>42,085,049</u>	<u>42,302,925</u>	<u>2,390,490</u>	<u>2,502,295</u>	<u>44,475,539</u>	<u>44,805,220</u>
Total assets	<u>114,189,264</u>	<u>109,288,233</u>	<u>6,265,534</u>	<u>5,437,947</u>	<u>120,454,798</u>	<u>114,726,180</u>
<b><u>Liabilities</u></b>						
Current liabilities	40,157,322	37,689,568	280,601	298,006	40,437,923	37,987,574
Long-term liabilities	<u>32,454,903</u>	<u>32,680,349</u>	<u>12,628</u>	<u>12,923</u>	<u>32,467,531</u>	<u>32,693,272</u>
Total liabilities	<u>72,612,225</u>	<u>70,369,917</u>	<u>293,229</u>	<u>310,929</u>	<u>72,905,454</u>	<u>70,680,846</u>
<b><u>Net Assets</u></b>						
Invested in capital assets, net of related debt	14,173,058	13,879,066	2,390,490	2,502,295	16,563,548	16,381,361
Restricted	4,129,749	4,258,217	-	-	4,129,749	4,258,217
Unrestricted	<u>23,274,232</u>	<u>20,781,033</u>	<u>3,581,815</u>	<u>2,624,723</u>	<u>26,856,047</u>	<u>23,405,756</u>
Total net assets	<u>\$ 41,577,039</u>	<u>\$ 38,918,316</u>	<u>\$ 5,972,305</u>	<u>\$ 5,127,018</u>	<u>\$47,549,344</u>	<u>\$44,045,334</u>

Total governmental assets increased by \$4,901,031 while total governmental liabilities increased by \$2,242,308 resulting in an increase to net assets of \$2,658,723. Total assets of business-type activities increased \$827,587 while total liabilities of business-type activities decreased by \$17,700 resulting in an increase to net assets of \$845,287.

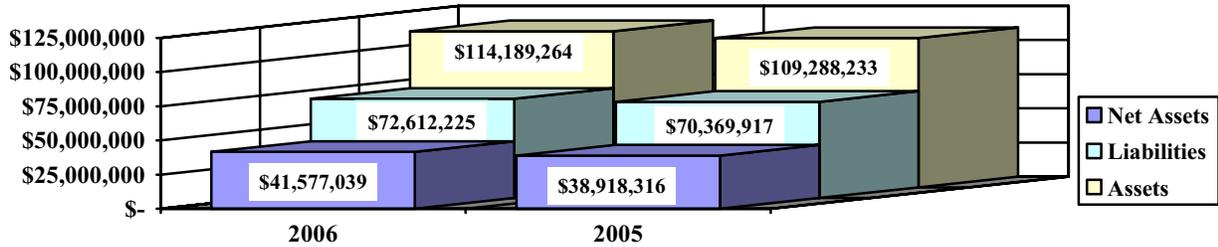
Taxes receivable contributed to 36.93% or \$42,175,149 of total assets. Of this amount \$34,487,195 is offset as deferred revenue, revenue to be used in future periods. Liabilities for governmental activities totaled \$72,612,225; of this amount \$32,454,903 or 44.70% is long-term liabilities. By comparing 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 \$44,834,416 or 88.75% 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 \$5,681,867 or 11.25% of total revenue.

**ORANGE CITY SCHOOL DISTRICT**

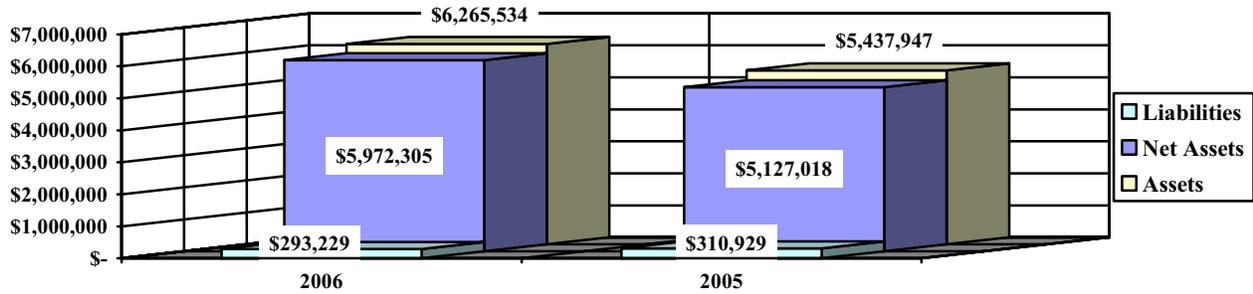
*MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graphs below present the District's governmental and business-type net assets for fiscal years 2006 and 2005.

**Governmental - Net Assets**



**Business-Type - Net Assets**



The table below shows the changes in net assets for governmental activities and business-type activities for fiscal year 2006 and 2005.

	<b>Change in Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 4,357,051	\$ 2,546,139	\$ 1,459,405	\$ 1,453,400	\$ 5,816,456	\$ 3,999,539
Operating grants and contributions	1,313,605	1,254,895	106,552	138,219	1,420,157	1,393,114
Capital grants and contributions	11,211	62,064	-	11,000	11,211	73,064
<b>Total program revenues</b>	<u>5,681,867</u>	<u>3,863,098</u>	<u>1,565,957</u>	<u>1,602,619</u>	<u>7,247,824</u>	<u>5,465,717</u>
General revenues:						
Property taxes	36,880,182	37,246,254	1,362,258	230,367	38,242,440	37,476,621
Grants and entitlements, not restricted	6,748,771	6,581,853	-	-	6,748,771	6,581,853
Investment earnings	1,196,647	575,766	120,835	65,348	1,317,482	641,114
Miscellaneous	8,816	46,550	32,960	13,372	41,776	59,922
<b>Total general revenues</b>	<u>44,834,416</u>	<u>44,450,423</u>	<u>1,516,053</u>	<u>309,087</u>	<u>46,350,469</u>	<u>44,759,510</u>
<b>Total revenues</b>	<u>\$ 50,516,283</u>	<u>\$ 48,313,521</u>	<u>\$ 3,082,010</u>	<u>\$ 1,911,706</u>	<u>\$ 53,598,293</u>	<u>\$ 50,225,227</u>

**ORANGE CITY SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<b>Change in Net Assets – (Continued)</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	\$ 17,066,373	\$ 16,379,861	\$ -	\$ -	\$ 17,066,373	\$ 16,379,861
Special	6,310,151	6,202,166	-	-	6,310,151	6,202,166
Vocational	296,866	253,802	-	-	296,866	253,802
Support services:						
Pupil	2,799,441	2,648,841	-	-	2,799,441	2,648,841
Instructional staff	2,864,820	2,681,775	-	-	2,864,820	2,681,775
Board of Education	181,753	163,202	-	-	181,753	163,202
Administration	2,827,023	2,603,395	-	-	2,827,023	2,603,395
Fiscal	1,129,981	1,115,331	-	-	1,129,981	1,115,331
Business	545,223	443,553	-	-	545,223	443,553
Operations and maintenance of plant	5,318,201	4,441,976	-	-	5,318,201	4,441,976
Pupil transportation	3,228,108	3,029,567	-	-	3,228,108	3,029,567
Central	1,223,883	924,539	-	-	1,223,883	924,539
Operation of non-instructional services	16,871	23,129	-	-	16,871	23,129
Extracurricular activities	1,683,450	1,469,294	-	-	1,683,450	1,469,294
Intergovernmental pass through	394,972	380,069	-	-	394,972	380,069
Interest and fiscal charges	1,401,244	1,452,048	-	-	1,401,244	1,452,048
Food service	569,200	633,098	-	-	569,200	633,098
Recreation	-	-	2,236,723	2,311,856	2,236,723	2,311,856
Total expenses	<u>47,857,560</u>	<u>44,845,646</u>	<u>2,236,723</u>	<u>2,311,856</u>	<u>50,094,283</u>	<u>47,157,502</u>
Excess of revenues over (under)						
expenses before transfers	2,658,723	3,467,875	845,287	(400,150)	3,504,010	3,067,725
Transfers	-	(5,500)	-	5,500	-	-
Changes in net assets	2,658,723	3,462,375	845,287	(394,650)	3,504,010	3,067,725
Net assets at beginning of year	<u>38,918,316</u>	<u>35,455,941</u>	<u>5,127,018</u>	<u>5,521,668</u>	<u>44,045,334</u>	<u>40,977,609</u>
Net assets at end of year	<u>\$ 41,577,039</u>	<u>\$ 38,918,316</u>	<u>\$ 5,972,305</u>	<u>\$ 5,127,018</u>	<u>\$ 47,549,344</u>	<u>\$ 44,045,334</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$2,658,723. Total governmental expenses of \$47,857,560 were offset by program revenues of \$5,681,867 and general revenues of \$44,834,416. Program revenues supported 11.87% of the total governmental expenses.

## ORANGE CITY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 UNAUDITED

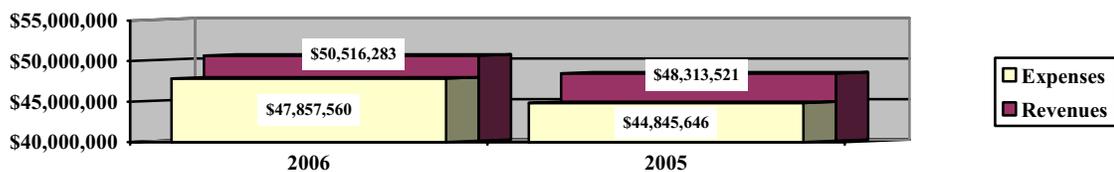
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 86.37% of total governmental revenue. The District has carefully projected the financial future by forecasting revenues and expenditures for a five-year 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 2004, the District successfully passed a 5-mill operating levy that will generate approximately \$4.7 million in revenue per year. Collections on this new levy began during the second half of fiscal year 2005 with full collection of this levy realized in fiscal year 2006. The additional income will be 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. 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 school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of academically excellent service.

Approximately 49.47% of the District's budget is used for instructional expenses. Supporting services including those related to pupils, staff and business operations account for an additional 42.04%. The remaining amount of program expenses, roughly 8.49%, is budgeted to finance other obligations of the District such as interest and fiscal charges, food service operations and extracurricular activities.

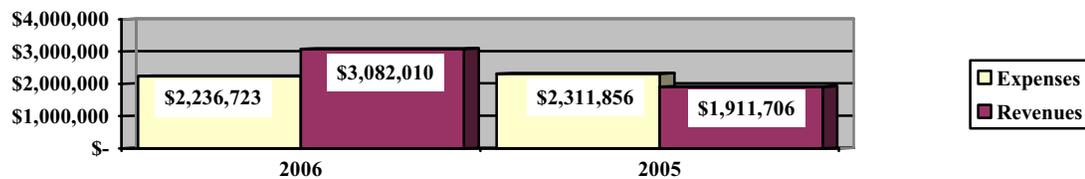
Actual expenses were relatively consistent with annual budget expectations and the District even reflected an increase of net assets in 2006 of \$2,658,723. The increase was attributable to the District's continued maintenance of a revenue stream fueled by local property taxes and the related entitlements from the State that exceeded operating expenses. Consistent support from the voters of the District has allowed this positive trend to continue.

The graphs below present the District's governmental and business-type activities revenues and expenses for fiscal year 2006 and 2005.

**Governmental Activities - Revenues and Expenses**



**Business-Type Activities - Revenues and Expenses**



**ORANGE CITY SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 2006 and 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Program expenses:				
Instruction:				
Regular	\$ 17,066,373	\$ 16,379,861	\$ 13,504,409	\$ 14,429,706
Special	6,310,151	6,202,166	6,024,201	5,913,654
Vocational	296,866	253,802	296,639	253,802
Support services:				
Pupil	2,799,441	2,648,841	2,449,492	2,294,015
Instructional staff	2,864,820	2,681,775	2,749,955	2,608,665
Board of Education	181,753	163,202	181,753	163,202
Administration	2,827,023	2,603,395	2,815,235	2,596,707
Fiscal	1,129,981	1,115,331	1,129,981	1,115,331
Business	545,223	443,553	545,223	443,553
Operations and maintenance of plant	5,318,201	4,441,976	5,302,240	4,389,175
Pupil transportation	3,228,108	3,029,567	3,217,717	3,010,151
Central	1,223,883	924,539	1,201,170	886,656
Operation of non-instructional services	16,871	23,129	13,433	15,233
Food service operations	569,200	633,098	26,801	124,546
Extracurricular activities	1,683,450	1,469,294	1,320,458	1,287,882
Intergovernmental pass through	394,972	380,069	(4,258)	(1,778)
Interest and fiscal charges	<u>1,401,244</u>	<u>1,452,048</u>	<u>1,401,244</u>	<u>1,452,048</u>
 Total expenses	 <u>\$ 47,857,560</u>	 <u>\$ 44,845,646</u>	 <u>\$ 42,175,693</u>	 <u>\$ 40,982,548</u>

The dependence upon tax revenues during fiscal year 2006 for governmental activities is apparent, as 83.74% of 2006 instruction activities are supported through taxes and other general revenues. All governmental activities' general revenue support is 88.13% in 2006. The District's taxpayers, as a whole, are by far the primary support for the District's students.

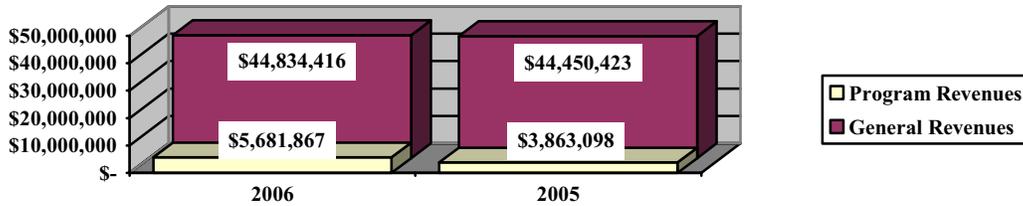
**The communities of Hunting Valley, Orange, Pepper Pike, Moreland Hills, Woodmere, and parts of Solon, Warrensville Heights, and Bedford Heights are the greatest source of financial support for the students of Orange City Schools.**

**ORANGE CITY SCHOOL DISTRICT**

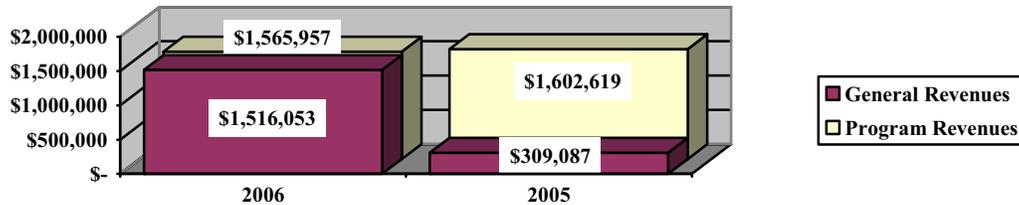
*MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graphs below present the District's governmental and business-type activities revenues for fiscal years 2006 and 2005.

**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 \$3,082,010 and expenses of \$2,236,723 for fiscal year 2006. During fiscal year 2006, the District's business activities received \$1,362,258 in support from tax revenues, which represents an increase from the prior year of \$1,131,891 on an accrual basis of accounting. The increase is attributable to the District's passage of a new replacement recreation levy in November of 2005. Collections for this replacement levy commenced in January of 2006.

**ORANGE CITY SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$28,240,150, which is above last year's total of \$26,136,292. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Fund Balance</u> <u>June 30, 2005</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 24,271,960	\$ 21,918,833	\$ 2,353,127
Bond retirement	1,455,700	1,249,761	205,939
Permanent improvement	1,756,377	2,231,015	(474,638)
Other Governmental	<u>756,113</u>	<u>736,683</u>	<u>19,430</u>
<b>Total</b>	<b><u>\$ 28,240,150</u></b>	<b><u>\$ 26,136,292</u></b>	<b><u>\$ 2,103,858</u></b>

**General Fund**

The District's general fund is by far the District's most significant fund. The fund balance of the general fund increased \$2,353,127. The table that follows assists in illustrating the revenues of the general fund.

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues</b>			
Taxes	\$ 34,175,208	\$ 33,890,614	0.84 %
Tuition and fees	3,004,688	2,476,688	21.32 %
Investment earnings	889,442	474,881	87.30 %
Intergovernmental	6,414,654	6,224,780	3.05 %
Other revenues	<u>51,968</u>	<u>71,451</u>	(27.27) %
<b>Total</b>	<b><u>\$ 44,535,960</u></b>	<b><u>\$ 43,138,414</u></b>	<b>3.24 %</b>

Tax revenue increased \$284,594 or 0.84% from the prior year. This is the result of an increase in the amount of taxes collected by the Cuyahoga County Auditor primarily due to new construction within the District's boundaries.

Intergovernmental revenue increased \$189,874 or 3.05% from the prior year. This increase is attributed to an increase in catastrophic special education reimbursements from the State in addition to the receipt of the first tangible personal property tax loss reimbursement from the State pursuant to Am. Sub. House Bill 66. The increase in tuition and fees is attributable to increased participation at the Gund school as well as normal and customary inflationary increases in tuition rates. The increase in investment earnings was due to continued hikes in rates by the Federal Reserve coupled with the availability of additional funds to invest due to the passage of the most recent levy. All other revenue remained comparable to 2005.

**ORANGE CITY SCHOOL DISTRICT**

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

	<u>2006</u>	<u>2005</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 22,189,952	\$ 21,377,441	3.80 %
Support services	18,570,881	16,912,836	9.80 %
Operation of non-instructional services	3,852	5,240	(26.49) %
Extracurricular activities	1,116,842	1,051,774	6.19 %
Debt service	<u>32,936</u>	<u>45,004</u>	(26.82) %
 Total	 <u>\$ 41,914,463</u>	 <u>\$ 39,392,295</u>	 6.40 %

Instruction and support services expenditures remained relatively consistent with 2005 experiencing increases primarily attributable to anticipated salary/wage and fringe benefit increases. Additionally, support services experienced an increase in the operations and maintenance of plant arena due to several large repair projects (i.e. roofing) and inflation in utility costs. All other expenditure line items shown are deemed immaterial amounts relative to total expenditures or were consistent with 2005 and do not warrant further analysis.

***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 2006, the District amended its general fund budget on five occasions, 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 \$46,298,781. This was above original budget estimates of \$45,024,165. Actual budget basis revenues and other financing sources of \$46,900,978 were more than final budgeted revenues by \$602,197 primarily due to the previously mentioned increase in investment earnings. The final budgeted expenditures and other financing uses totaled \$44,009,312 compared to original estimates of \$43,808,311. Actual budget basis expenditures and other financing uses of \$42,916,498 were \$1,092,814 lower than the final budgeted expenditures.

The District's ending unencumbered cash balance totaled \$24,013,550, which was higher than that originally budgeted.

**Bond Retirement Fund**

The bond retirement fund had \$2,259,879 in revenues and \$2,053,940 in expenditures. The bond retirement fund's fund balance increased \$205,939 from \$1,249,761 to \$1,455,700. The fund balance increase is due to revenues surpassing required principal and interest payments for fiscal year 2006.

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**Permanent Improvement Fund**

The permanent improvement fund had \$1,115,749 in revenues and other financing sources and \$1,590,387 in expenditures. The permanent improvement fund's fund balance decreased \$474,638 from \$2,231,015 to \$1,756,377. The fund balance decrease was the result of significant costs arising from the Orange High School Media Center Project. The ultimate cost of this project is expected to be approximately \$2.5 million. The general fund will be the primary funding source for this project and in fiscal year 2007 will transfer to the Permanent Improvement fund an amount equal to the total cost of the project.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2006, the District had \$44,475,539 invested in land, construction in progress, land improvements, buildings, equipment and vehicles. Of this total, \$42,085,049 was reported in governmental activities and \$2,390,490 was reported in business-type activities. The following table shows fiscal 2006 balances compared to 2005:

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

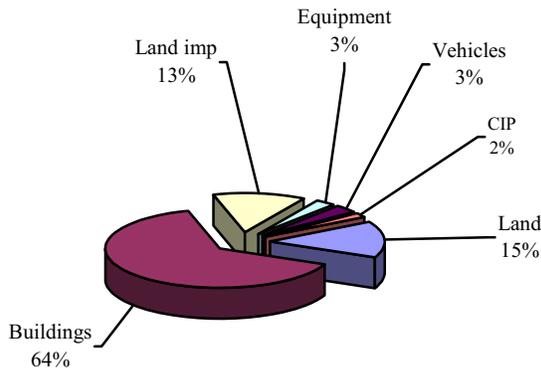
	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 6,370,150	\$ 6,370,150	\$ -	\$ -	\$ 6,370,150	\$ 6,370,150
Construction in progress	839,158	-	-	-	839,158	-
Land improvements	5,571,171	5,878,294	54,760	60,228	5,625,931	5,938,522
Buildings	26,808,386	27,547,417	2,275,058	2,366,379	29,083,444	29,913,796
Equipment	1,143,057	1,245,813	24,841	33,743	1,167,898	1,279,556
Vehicles	<u>1,353,127</u>	<u>1,261,251</u>	<u>35,831</u>	<u>41,945</u>	<u>1,388,958</u>	<u>1,303,196</u>
Total	<u>\$42,085,049</u>	<u>\$42,302,925</u>	<u>\$ 2,390,490</u>	<u>\$ 2,502,295</u>	<u>\$ 44,475,539</u>	<u>\$ 44,805,220</u>

**ORANGE CITY SCHOOL DISTRICT**

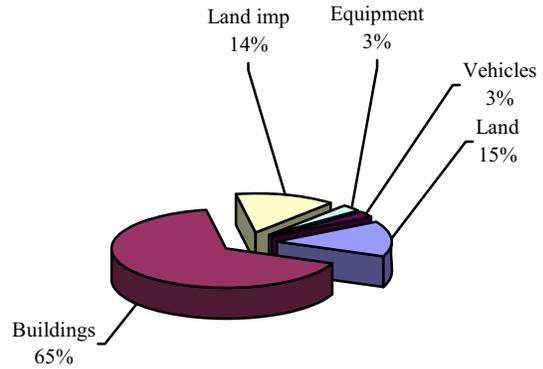
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FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED*

The following graphs show the breakdown of governmental activities and business-type capital assets by category for 2006 and 2005.

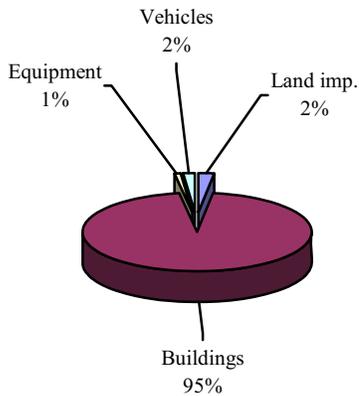
**Capital Assets - Governmental Activities  
2006**



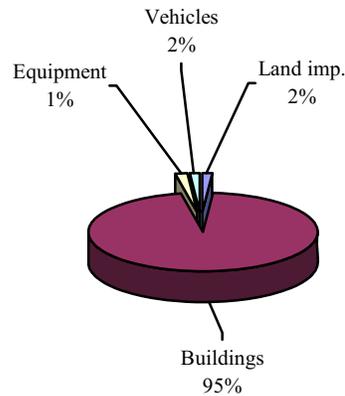
**Capital Assets - Governmental Activities  
2005**



**Capital Assets - Business-Type Activities  
2006**



**Capital Assets - Business-Type Activities  
2005**



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

**ORANGE CITY SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED*

***Debt Administration***

At June 30, 2006 the District had \$28,216,092 in general obligation bonds outstanding. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>General obligation bonds:</u>		
Series 1999	\$ 23,850,815	\$ 24,354,304
Series 2004	<u>4,365,277</u>	<u>4,512,000</u>
Total	<u>\$ 28,216,092</u>	<u>\$ 28,866,304</u>

In an election held on November 3, 1998 the electors of the District approved the issuance of bonds 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. These bonds will be fully repaid in calendar year 2026.

The Series 2004 bonds were issued to provide funding for various school improvement projects throughout the District.

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

***Current Financial Related Activities***

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. National events economically affect the Orange City School District and the surrounding area and the District continually reviews and analyzes the impact this has on its property tax base and collections.

The District has a strong financial outlook as evidenced by the fact that two nationally recognized financial rating services, Moody's Investors Service and Standard & Poor's, gave the District their highest ratings of Aaa and AAA, respectively. The Orange City School District was the first district in the State of Ohio to ever receive Standard & Poor's highest rating. These achievements will allow the District to secure better interest rates on all credits and investments. The Board of Education and administration closely monitor the District's revenues and expenditures in accordance with its financial forecast.

Overall, 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. Our most recent state report card shows the District's students achieving a perfect 25 out of 25.

## ORANGE CITY SCHOOL DISTRICT

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 UNAUDITED*

As the preceding information shows, the District heavily depends on its property taxpayers. Our communities' support was recently measured by four most outstanding accomplishments. In the fall of 1998 the community passed a \$36.5 million bond issue, in November of 2000 they passed a 9.5-mill operating levy, in November of 2004 they passed a 5-mill operating levy and in November 2005 they passed a .95-mill replacement levy for the Districts recreation operations. The support of these four issues demonstrates 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.

The District has communicated to its communities its reliance 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.

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 Success" to offer recommendations on how the State can better fund education. This task force issued its report to the Governor in February of 2005. A copy of this report in its entirety can be accessed at <http://www.blueribbontaskforce.ohio.gov/>. The District is currently unable to determine what effect, if any, these recommendations will have on its future state funding and its financial operations. Furthermore, the passage of the most recent State biennial budget, Am. Sub. House Bill 66, will result in the complete phase out of revenues derived from tangible personal property taxes by the 2018 tax year.

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. Orange City School District is committed to continuous improvement in financial reporting to our communities.

#### **Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and 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. David Denbow, Treasurer, Orange City School District, 32000 Chagrin Blvd., Pepper Pike, Ohio 44124-5974 or e-mail him at [ddenbow@orange.k12.oh.us](mailto:ddenbow@orange.k12.oh.us).

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**ORANGE CITY SCHOOL DISTRICT**

*STATEMENT OF NET ASSETS*

*JUNE 30, 2006*

	Governmental Activities	Business-Type Activity	Total
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 29,133,795	\$ 2,960,873	\$ 32,094,668
Receivables:			
Taxes . . . . .	42,175,149	881,970	43,057,119
Accounts. . . . .	2,343	311	2,654
Accrued interest . . . . .	233,994	26,127	260,121
Intergovernmental . . . . .	204,895	-	204,895
Inventory held for resale . . . . .	28,847	-	28,847
Materials and supplies inventory . . . . .	240,734	5,763	246,497
Unamortized bond issue costs . . . . .	84,458	-	84,458
Capital assets:			
Nondepreciable capital assets. . . . .	7,209,308	-	7,209,308
Depreciable capital assets, net . . . . .	34,875,741	2,390,490	37,266,231
Total capital assets, net . . . . .	<u>42,085,049</u>	<u>2,390,490</u>	<u>44,475,539</u>
<i>Total assets</i> . . . . .	<u>114,189,264</u>	<u>6,265,534</u>	<u>120,454,798</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	43,329	5,324	48,653
Contracts payable. . . . .	543,287	-	543,287
Accrued wages payable. . . . .	3,784,669	87,491	3,872,160
Intergovernmental payable . . . . .	92,855	1,630	94,485
Pension obligation payable . . . . .	1,086,595	186,156	1,272,751
Deferred revenue . . . . .	34,487,195	-	34,487,195
Undistributed monies. . . . .	5,487	-	5,487
Accrued interest payable . . . . .	113,905	-	113,905
Long-term liabilities:			
Due within one year. . . . .	1,230,093	3,099	1,233,192
Due in more than one year . . . . .	31,224,810	9,529	31,234,339
<i>Total liabilities</i> . . . . .	<u>72,612,225</u>	<u>293,229</u>	<u>72,905,454</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	14,173,058	2,390,490	16,563,548
Restricted for:			
Capital projects . . . . .	2,290,127	-	2,290,127
Debt service. . . . .	1,515,818	-	1,515,818
Locally funded programs . . . . .	24,206	-	24,206
State funded programs . . . . .	3,372	-	3,372
Federally funded programs . . . . .	170,260	-	170,260
Student activities . . . . .	65,196	-	65,196
Public school support . . . . .	60,770	-	60,770
Unrestricted . . . . .	23,274,232	3,581,815	26,856,047
<i>Total net assets</i> . . . . .	<u>\$ 41,577,039</u>	<u>\$ 5,972,305</u>	<u>\$ 47,549,344</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ORANGE CITY SCHOOL DISTRICT**

*STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 17,066,373	\$ 3,477,083	\$ 84,881	\$ -
Special . . . . .	6,310,151	4,823	281,127	-
Vocational . . . . .	296,866	-	227	-
Support services:				
Pupil . . . . .	2,799,441	41,945	308,004	-
Instructional staff . . . . .	2,864,820	419	114,446	-
Board of education . . . . .	181,753	-	-	-
Administration . . . . .	2,827,023	-	11,788	-
Fiscal . . . . .	1,129,981	-	-	-
Business . . . . .	545,223	-	-	-
Operations and maintenance of plant . . . . .	5,318,201	4,750	-	11,211
Pupil transportation . . . . .	3,228,108	10,391	-	-
Central . . . . .	1,223,883	-	22,713	-
Operation of non-instructional services . . . . .				
	16,871	-	3,438	-
Food service operations . . . . .	569,200	480,615	61,784	-
Intergovernmental pass through . . . . .	394,972	-	399,230	-
Extracurricular activities . . . . .	1,683,450	337,025	25,967	-
Interest and fiscal charges . . . . .	1,401,244	-	-	-
<i>Total governmental activities . . . . .</i>	<u>47,857,560</u>	<u>4,357,051</u>	<u>1,313,605</u>	<u>11,211</u>
<b>Business-Type activity:</b>				
Recreation . . . . .	2,236,723	1,459,405	106,552	-
<i>Totals . . . . .</i>	<u>\$ 50,094,283</u>	<u>\$ 5,816,456</u>	<u>\$ 1,420,157</u>	<u>\$ 11,211</u>

**General Revenues:**

Property taxes levied for:  
 General purposes . . . . .  
 Debt service . . . . .  
 Capital projects . . . . .  
 Recreation . . . . .  
 Grants and entitlements not restricted  
 to specific programs . . . . .  
 Investment earnings . . . . .  
 Miscellaneous . . . . .

*Total general revenues . . . . .*

Change in net assets . . . . .

*Net assets at beginning of year . . . . .*

*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
\$ (13,504,409)	\$ -	\$ (13,504,409)
(6,024,201)	-	(6,024,201)
(296,639)	-	(296,639)
(2,449,492)	-	(2,449,492)
(2,749,955)	-	(2,749,955)
(181,753)	-	(181,753)
(2,815,235)	-	(2,815,235)
(1,129,981)	-	(1,129,981)
(545,223)	-	(545,223)
(5,302,240)	-	(5,302,240)
(3,217,717)	-	(3,217,717)
(1,201,170)	-	(1,201,170)
(13,433)	-	(13,433)
(26,801)	-	(26,801)
4,258	-	4,258
(1,320,458)	-	(1,320,458)
(1,401,244)	-	(1,401,244)
(42,175,693)	-	(42,175,693)
-	(670,766)	(670,766)
(42,175,693)	(670,766)	(42,846,459)
34,123,527	-	34,123,527
1,986,733	-	1,986,733
769,922	-	769,922
-	1,362,258	1,362,258
6,748,771	-	6,748,771
1,196,647	120,835	1,317,482
8,816	32,960	41,776
44,834,416	1,516,053	46,350,469
2,658,723	845,287	3,504,010
38,918,316	5,127,018	44,045,334
\$ 41,577,039	\$ 5,972,305	\$ 47,549,344

**ORANGE CITY SCHOOL DISTRICT**

*BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006*

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 24,452,128	\$ 1,207,713	\$ 2,650,887	\$ 823,067	\$ 29,133,795
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	-	-	-	-	-
Receivables:					
Taxes . . . . .	39,102,040	2,201,381	871,728	-	42,175,149
Accounts . . . . .	2,213	-	-	130	2,343
Accrued interest . . . . .	196,758	10,657	23,391	3,188	233,994
Intergovernmental . . . . .	-	-	-	204,895	204,895
Interfund loan . . . . .	554,100	-	-	-	554,100
Inventory held for resale . . . . .	-	-	-	28,847	28,847
Materials and supplies inventory . . . . .	240,105	-	-	629	240,734
<i>Total assets</i> . . . . .	<u>\$ 64,547,344</u>	<u>\$ 3,419,751</u>	<u>\$ 3,546,006</u>	<u>\$ 1,060,756</u>	<u>\$ 72,573,857</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 39,919	\$ -	\$ -	\$ 3,410	\$ 43,329
Contracts payable . . . . .	-	-	543,287	-	543,287
Accrued wages payable . . . . .	3,695,543	-	-	89,126	3,784,669
Interfund loan payable . . . . .	-	-	450,000	104,100	554,100
Compensated absences payable . . . . .	155,277	-	-	-	155,277
Pension obligation payable . . . . .	1,044,700	-	-	41,895	1,086,595
Intergovernmental payable . . . . .	87,928	-	-	4,927	92,855
Deferred revenue . . . . .	35,252,017	1,964,051	796,342	55,698	38,068,108
Undistributed monies . . . . .	-	-	-	5,487	5,487
<i>Total liabilities</i> . . . . .	<u>40,275,384</u>	<u>1,964,051</u>	<u>1,789,629</u>	<u>304,643</u>	<u>44,333,707</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	499,353	-	1,775,249	64,145	2,338,747
Reserved for property taxes . . . . .	3,920,010	242,832	91,062	-	4,253,904
Reserved for debt service . . . . .	-	1,212,868	-	-	1,212,868
Unreserved:					
Undesignated, reported in:					
General fund . . . . .	19,852,597	-	-	-	19,852,597
Special revenue funds . . . . .	-	-	-	496,295	496,295
Capital projects funds . . . . .	-	-	(109,934)	195,673	85,739
<i>Total fund balances</i> . . . . .	<u>24,271,960</u>	<u>1,455,700</u>	<u>1,756,377</u>	<u>756,113</u>	<u>28,240,150</u>
<i>Total liabilities and fund balances</i> . . . . .	<u>\$ 64,547,344</u>	<u>\$ 3,419,751</u>	<u>\$ 3,546,006</u>	<u>\$ 1,060,756</u>	<u>\$ 72,573,857</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, 2006*

<b>Total governmental fund balances</b>		\$ 28,240,150
 <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.		42,085,049
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 2,916,666	
Interest	165,264	
Intergovernmental	<u>498,983</u>	
Total		3,580,913
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.		(113,905)
Unamortized premiums on bond issuances are not recognized in the funds.		(178,547)
Unamortized bond issuance costs are not recognized in the funds		84,458
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	28,216,092	
Compensated absences	3,838,551	
Capital lease obligation	31,536	
Arbitrage payable	<u>34,900</u>	
Total		<u>(32,121,079)</u>
<b><i>Net assets of governmental activities</i></b>		<u><u>\$ 41,577,039</u></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, 2006*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and other local taxes . . . . .	\$ 34,175,208	\$ 1,973,999	\$ 768,198	\$ -	\$ 36,917,405
Intergovernmental . . . . .	6,414,654	239,492	94,625	1,259,081	8,007,852
Investment earnings . . . . .	889,442	46,388	79,345	16,208	1,031,383
Tuition and fees . . . . .	3,004,688	-	-	-	3,004,688
Extracurricular activities . . . . .	-	-	-	378,972	378,972
Classroom materials and fees . . . . .	5,813	-	-	78,360	84,173
Charges for services. . . . .	-	-	-	480,615	480,615
Rentals . . . . .	4,750	-	-	-	4,750
Miscellaneous. . . . .	41,405	-	11,211	34,257	86,873
<i>Total revenue</i> . . . . .	<u>44,535,960</u>	<u>2,259,879</u>	<u>953,379</u>	<u>2,247,493</u>	<u>49,996,711</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	16,028,046	-	-	145,274	16,173,320
Special. . . . .	5,885,263	-	-	271,956	6,157,219
Vocational. . . . .	276,643	-	-	100	276,743
Support Services:					
Pupil. . . . .	2,375,180	-	-	345,910	2,721,090
Instructional staff . . . . .	2,671,855	-	-	108,707	2,780,562
Board of education . . . . .	181,589	-	-	-	181,589
Administration. . . . .	2,746,509	-	-	8,182	2,754,691
Fiscal . . . . .	1,107,658	-	-	-	1,107,658
Business . . . . .	509,897	-	-	-	509,897
Operations and maintenance of plant . . . . .	4,563,040	-	-	-	4,563,040
Pupil transportation . . . . .	3,286,647	-	-	-	3,286,647
Central. . . . .	1,128,506	-	-	25,560	1,154,066
Operation of non-instructional services. . . . .	3,852	-	-	3,767	7,619
Food service operations. . . . .	-	-	-	527,599	527,599
Extracurricular activities . . . . .	1,116,842	-	-	472,896	1,589,738
Facilities acquisition and construction . . . . .	-	-	1,590,387	42,132	1,632,519
Intergovernmental pass through. . . . .	-	-	-	381,980	381,980
Debt service:					
Principal retirement . . . . .	29,104	770,000	-	-	799,104
Interest and fiscal charges . . . . .	3,832	1,283,940	-	-	1,287,772
<i>Total expenditures</i> . . . . .	<u>41,914,463</u>	<u>2,053,940</u>	<u>1,590,387</u>	<u>2,334,063</u>	<u>47,892,853</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>2,621,497</u>	<u>205,939</u>	<u>(637,008)</u>	<u>(86,570)</u>	<u>2,103,858</u>
<b>Other financing sources (uses):</b>					
Transfers in. . . . .	-	-	162,370	106,000	268,370
Transfers out . . . . .	(268,370)	-	-	-	(268,370)
<i>Total other financing sources (uses)</i> . . . . .	<u>(268,370)</u>	<u>-</u>	<u>162,370</u>	<u>106,000</u>	<u>-</u>
<i>Net change in fund balances</i> . . . . .	2,353,127	205,939	(474,638)	19,430	2,103,858
<i>Fund balances at beginning of year</i> . . . . .	21,918,833	1,249,761	2,231,015	736,683	26,136,292
<i>Fund balances at end of year.</i> . . . .	<u>\$ 24,271,960</u>	<u>\$ 1,455,700</u>	<u>\$ 1,756,377</u>	<u>\$ 756,113</u>	<u>\$ 28,240,150</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, 2006*

**Net change in fund balances - total governmental funds** \$ 2,103,858

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

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

Capital asset additions	1,531,231	
Current year depreciation	<u>(1,749,107)</u>	
Total		(217,876)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:

Decrease in accrued interest payable	1,471	
Accretion of interest on "capital appreciation" bonds	(119,788)	
Amortization of bond premium	9,195	
Amortization of bond issue costs	<u>(4,350)</u>	
		(113,472)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Taxes	(37,223)	
Tuition	364,989	
Interest	165,264	
Intergovernmental	<u>26,542</u>	
Total		519,572

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. Principal payments during the year were:

Bonds	770,000	
Capital lease	<u>29,104</u>	
Total		799,104

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

(432,463)

***Change in net assets of governmental activities*** \$ 2,658,723

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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 35,873,227	\$ 36,397,843	\$ 35,974,789	\$ (423,054)
Intergovernmental . . . . .	6,143,142	6,143,142	6,414,654	271,512
Investment earnings . . . . .	375,000	375,000	956,742	581,742
Tuition and fees . . . . .	2,595,500	3,345,500	3,451,311	105,811
Transportation fees . . . . .	10,000	10,000	10,391	391
Classroom materials and fees . . . . .	2,500	2,500	5,813	3,313
Rentals . . . . .	6,000	6,000	4,750	(1,250)
Miscellaneous. . . . .	12,296	12,296	41,657	29,361
<i>Total revenue . . . . .</i>	<u>45,017,665</u>	<u>46,292,281</u>	<u>46,860,107</u>	<u>567,826</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	16,592,186	16,593,237	15,982,668	610,569
Special. . . . .	4,986,959	4,911,663	4,847,898	63,765
Vocational. . . . .	336,547	411,547	399,541	12,006
Support Services:				
Pupil. . . . .	2,723,023	2,702,423	2,655,721	46,702
Instructional staff . . . . .	3,274,125	3,307,459	3,185,496	121,963
Board of education . . . . .	206,165	188,871	152,961	35,910
Administration. . . . .	2,742,950	2,864,126	2,990,056	(125,930)
Fiscal . . . . .	1,157,143	1,152,164	1,123,310	28,854
Business . . . . .	534,961	555,961	503,734	52,227
Operations and maintenance of plant . . . . .	5,084,039	5,289,389	4,554,534	734,855
Pupil transportation . . . . .	3,269,264	3,269,265	3,248,938	20,327
Central. . . . .	1,117,718	1,233,755	1,336,341	(102,586)
Operation of non-instructional services . . . . .	4,000	3,500	2,388	1,112
Extracurricular activities. . . . .	1,085,861	1,085,861	1,108,942	(23,081)
<i>Total expenditures . . . . .</i>	<u>43,114,941</u>	<u>43,569,221</u>	<u>42,092,528</u>	<u>1,476,693</u>
<i>Excess of revenues over (under) expenditures. . . . .</i>	<u>1,902,724</u>	<u>2,723,060</u>	<u>4,767,579</u>	<u>2,044,519</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	6,000	6,000	6,471	471
Transfers out . . . . .	(353,370)	(353,370)	(269,870)	83,500
Advances in . . . . .	-	-	34,400	34,400
Advances out . . . . .	-	-	(554,100)	(554,100)
Proceeds from sale of capital assets . . . . .	500	500	-	(500)
Contingencies . . . . .	(340,000)	(86,721)	-	86,721
<i>Total other financing sources (uses). . . . .</i>	<u>(686,870)</u>	<u>(433,591)</u>	<u>(783,099)</u>	<u>(349,508)</u>
<i>Net change in fund balance . . . . .</i>	<u>1,215,854</u>	<u>2,289,469</u>	<u>3,984,480</u>	<u>1,695,011</u>
<i>Fund balance at beginning of year . . . . .</i>	<u>19,388,344</u>	<u>19,388,344</u>	<u>19,388,344</u>	<u>-</u>
<i>Prior year encumbrances appropriated . . . . .</i>	<u>640,726</u>	<u>640,726</u>	<u>640,726</u>	<u>-</u>
<i>Fund balance at end of year. . . . .</i>	<u>\$ 21,244,924</u>	<u>\$ 22,318,539</u>	<u>\$ 24,013,550</u>	<u>\$ 1,695,011</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ORANGE CITY SCHOOL DISTRICT**

*STATEMENT OF FUND NET ASSETS  
 PROPRIETARY FUND  
 JUNE 30, 2006*

	<u>Recreation</u>
<b>Assets:</b>	
<i>Current assets:</i>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,960,873
Receivables:	
Taxes . . . . .	881,970
Accounts . . . . .	311
Accrued interest . . . . .	26,127
Materials and supplies inventory . . . . .	<u>5,763</u>
<i>Total current assets.</i> . . . .	<u>3,875,044</u>
<i>Noncurrent assets:</i>	
Depreciable capital assets, net . . . . .	<u>2,390,490</u>
<i>Total assets.</i> . . . .	<u>6,265,534</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Accounts payable . . . . .	5,324
Accrued wages payable . . . . .	87,491
Compensated absences payable . . . . .	3,099
Pension obligation payable . . . . .	186,156
Intergovernmental payable. . . . .	<u>1,630</u>
<i>Total current liabilities</i> . . . . .	<u>283,700</u>
<i>Long-term liabilities:</i>	
Compensated absences payable . . . . .	<u>9,529</u>
<i>Total liabilities</i> . . . . .	<u>293,229</u>
<b>Net assets:</b>	
Invested in capital assets. . . . .	2,390,490
Unrestricted . . . . .	<u>3,581,815</u>
<i>Total net assets</i> . . . . .	<u>\$ 5,972,305</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, 2006*

	<u>Recreation</u>
<b>Operating revenues:</b>	
Tuition and fees . . . . .	\$ 1,365,357
Sales/charges for services . . . . .	94,048
Other . . . . .	<u>32,960</u>
<i>Total operating revenues . . . . .</i>	<u>1,492,365</u>
<b>Operating expenses:</b>	
Salaries. . . . .	1,054,429
Fringe benefits . . . . .	363,832
Purchased services. . . . .	558,586
Materials and supplies . . . . .	118,889
Depreciation . . . . .	111,805
Other. . . . .	<u>29,182</u>
<i>Total operating expenses. . . . .</i>	<u>2,236,723</u>
<i>Operating loss . . . . .</i>	<u>(744,358)</u>
<b>Nonoperating revenues:</b>	
Investment earnings . . . . .	120,835
Property taxes . . . . .	1,362,258
Contributions and donations. . . . .	13,985
Grants and subsidies . . . . .	<u>92,567</u>
<i>Total nonoperating revenues. . . . .</i>	<u>1,589,645</u>
<i>Change in net assets . . . . .</i>	845,287
<i>Net assets at beginning of year . . . . .</i>	<u>5,127,018</u>
<i>Net assets at end of year. . . . .</i>	<u>\$ 5,972,305</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, 2006*

	<u>Recreation</u>
<b><i>Increase (decrease) in cash and cash equivalents</i></b>	
<b>Cash flows from operating activities:</b>	
Cash received from customers . . . . .	\$ 1,459,405
Cash received from other operating revenues . . . . .	32,960
Cash payments to suppliers for goods and services . . . . .	(589,046)
Cash payments to employees for services . . . . .	(1,052,133)
Cash payments for employee benefits . . . . .	(352,955)
Cash payments for materials and supplies . . . . .	(123,749)
Cash payments for other operating expenses . . . . .	<u>(29,022)</u>
<i>Net cash used in operating activities . . . . .</i>	<u>(654,540)</u>
<b>Cash flows from noncapital financing activities:</b>	
Property taxes . . . . .	753,865
Contributions and donations . . . . .	13,985
Grants and subsidies . . . . .	<u>92,567</u>
<i>Net cash provided by noncapital financing activities. . . . .</i>	<u>860,417</u>
<b>Cash flows from investing activities:</b>	
Earnings on investments. . . . .	<u>104,612</u>
<i>Net cash provided by investing activities . . . . .</i>	<u>104,612</u>
<i>Net increase in cash and cash equivalents . . . . .</i>	310,489
<i>Cash and cash equivalents at beginning of year . . . . .</i>	2,650,384
<i>Cash and cash equivalents at end of year. . . . .</i>	<u>\$ 2,960,873</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
<i>Operating loss . . . . .</i>	\$ (744,358)
<i>Adjustments:</i>	
Depreciation . . . . .	111,805
<b>Changes in assets and liabilities:</b>	
(Increase) in accounts receivable . . . . .	(44)
(Increase) in materials and supplies inventory. . . . .	(4,243)
(Decrease) in accounts payable . . . . .	(30,395)
Increase in accrued wages and benefits. . . . .	1,795
(Decrease) in compensated absences payable. . . . .	(295)
(Decrease) in intergovernmental payable . . . . .	(552)
Increase in pension obligation payable. . . . .	<u>11,747</u>
<i>Net cash used in operating activities. . . . .</i>	<u>\$ (654,540)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ORANGE CITY SCHOOL DISTRICT**

*STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2006*

	Private-Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash		
and cash equivalents . . . . .	\$ 77,938	\$ 97,281
Accrued interest receivable . . . . .	501	-
	<hr/>	<hr/>
<i>Total assets</i> . . . . .	\$ 78,439	\$ 97,281
	<hr/>	<hr/>
<b>Liabilities:</b>		
Undistributed monies . . . . .	\$ -	\$ 19,424
Due to students . . . . .	-	77,857
	<hr/>	<hr/>
<i>Total liabilities</i> . . . . .	-	\$ 97,281
	<hr/>	<hr/>
<b>Net Assets:</b>		
Held in trust for scholarships. . . . .	\$ 78,439	
	<hr/>	

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, 2006*

	Private-Purpose Trust
	<u>Scholarship</u>
<b>Additions:</b>	
Investment earnings . . . . .	\$ 3,176
Contributions and donations . . . . .	<u>1,405</u>
<i>Total additions.</i> . . . .	<u>4,581</u>
<b>Deductions:</b>	
Scholarships awarded . . . . .	<u>2,500</u>
<i>Total deductions.</i> . . . .	<u>2,500</u>
<i>Change in net assets.</i> . . . .	2,081
<i>Net assets at beginning of year.</i> . . . .	<u>76,358</u>
<i>Net assets at end of year.</i> . . . .	<u><u>\$ 78,439</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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 194 classified employees, 239 certified teaching personnel, and 31 administrators/supervisors who provide services to 2,354 students and other community members.

The District is located in Pepper Pike, Ohio, Cuyahoga County and currently ranks as the 228<sup>th</sup> 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 of the District.

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  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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 elementary school and other necessary school facility improvements.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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.

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 Funds - Enterprise funds may be 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. The agency funds are used to account for funds held on behalf of others, employee benefits collected but not yet remitted and student activities.

**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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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.

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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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 as the final budgeted amounts 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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

During fiscal year 2006, investments were limited to federal agency securities, repurchase agreements, nonnegotiable certificates of deposit 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.

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, 2006.

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 2006 amounted to \$889,442 which includes \$42,466 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. 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.

**I. 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.

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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

**J. 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, 2006.

**K. 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.

**L. 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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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.

On the government-wide financial statements, bond premiums, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**M. 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.

**N. 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 and debt service.

The reserve for property taxes represents taxes recognized as revenue under GAAP but not available for appropriations under state statute.

**O. 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.

**ORANGE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**P. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds are eliminated for reporting of governmental activities on the government-wide financial statements.

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. Interfund services provided and used are not eliminated on the government-wide financial statements.

**Q. 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Changes in Accounting Principles**

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of these GASB Statements did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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);

**ORANGE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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,
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.

**A. Cash on Hand**

At fiscal year-end, the District had \$150 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2006, the carrying amount of all District deposits was \$17,364,259. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$16,578,022 of the District's bank balance of \$17,959,347 was exposed to custodial risk as discussed below, while \$1,381,325 was covered by Federal Deposit Insurance Corporation.

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

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

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

Investment type	Fair Value	Investment Maturities					Total
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months	
FHLB	\$ 641,672	\$ 641,672	\$ -	\$ -	\$ -	\$ -	\$ 641,672
FHLMC	3,981,000	-	-	1,987,700	995,920	997,380	3,981,000
FNMA	8,938,770	1,981,260	1,971,880	1,995,310	1,993,440	996,880	8,938,770
Repurchase Agreements	776,098	776,098	-	-	-	-	776,098
STAR Ohio	567,938	567,938	-	-	-	-	567,938
	<u>\$ 14,905,478</u>	<u>\$ 3,966,968</u>	<u>\$ 1,971,880</u>	<u>\$ 3,983,010</u>	<u>\$ 2,989,360</u>	<u>\$ 1,994,260</u>	<u>\$ 14,905,478</u>

The weighted average maturity of investments is 1.26 years.

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

*Credit Risk:* The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer other than for commercial paper and banker's acceptances. The following table includes the percentage of each investment type held by the District at June 30, 2006:

Investment type	Fair Value	% to Total
FHLB	\$ 641,672	4.30
FHLMC	3,981,000	26.71
FNMA	8,938,770	59.97
Repurchase Agreements	776,098	5.21
STAROhio	567,938	3.81
	<u>\$ 14,905,478</u>	<u>100.00</u>

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 17,364,259
Investments	14,905,478
Cash on hand	150
Total	<u>\$ 32,269,887</u>
 <u>Cash and investments per Financial Statements</u>	
Governmental activities	\$ 29,133,795
Business-type activities	2,960,873
Private-purpose trust funds	77,938
Agency Funds	97,281
Total	<u>\$ 32,269,887</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 2006 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) are for calendar 2006 taxes.

Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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. 2005 public utility property taxes became a lien January 1, 2005, are levied after April 1, 2005 and are collected in 2006 with real property taxes.

Tangible personal property taxes received in calendar year 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of January 1, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for property including inventory for 2006 is 18.75%. This will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 5 - PROPERTY TAXES - (Continued)**

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

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 916,393,060	94.81	\$ 921,968,860	95.02
Public utility personal	12,473,120	1.29	9,984,050	1.03
Tangible personal property	<u>37,692,694</u>	<u>3.90</u>	<u>38,351,782</u>	<u>3.95</u>
Total	<u>\$ 966,558,874</u>	<u>100.00</u>	<u>\$ 970,304,692</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$86.10		\$86.10	

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 2006 tangible personal property tax settlement was not received until July of 2006.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2006, are available to finance fiscal year 2006 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, 2006 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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 5 - PROPERTY TAXES - (Continued)**

The amount available as an advance at June 30, 2006, was \$4,336,294 and is recognized as revenue. \$3,920,010 was available to the general fund, \$242,832 was available to the Bond Retirement fund, \$91,062 was available to the Permanent Improvement fund and \$82,390 was available to the Recreation fund. The amount available as an advance for governmental funds at June 30, 2005 was \$6,151,972. \$5,668,319 was available to the general fund, \$318,160 was available to the Bond Retirement fund, \$125,623 was available to the Permanent Improvement fund and \$39,870 was available to the Recreation fund. The decrease was primarily due to the Cuyahoga County Treasurer sending the semi-annual tax bills out later in the month of June than in the past year. 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.

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2006 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:

<b>Governmental Activities</b>	
Taxes	\$ 42,175,149
Accounts	2,343
Intergovernmental	204,895
Accrued interest	233,994
<b>Business-type Activities</b>	
Taxes	881,970
Accounts	311
Accrued interest	26,127
Total receivables	<u>\$ 43,524,789</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  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 7 - CAPITAL ASSETS**

**A. Governmental Activities**

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

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/06</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,370,150	\$ -	\$ -	\$ 6,370,150
Construction in Progress	<u>-</u>	<u>839,158</u>	<u>-</u>	<u>839,158</u>
Total capital assets, not being depreciated	<u>6,370,150</u>	<u>839,158</u>	<u>-</u>	<u>7,209,308</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	8,468,016	67,441	-	8,535,457
Buildings	38,346,969	137,398	-	38,484,367
Equipment	3,393,627	171,000	(28,470)	3,536,157
Vehicles	<u>3,193,116</u>	<u>316,234</u>	<u>(200,911)</u>	<u>3,308,439</u>
Total capital assets, being depreciated	<u>53,401,728</u>	<u>692,073</u>	<u>(229,381)</u>	<u>53,864,420</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(2,589,722)	(374,564)	-	(2,964,286)
Buildings	(10,799,552)	(876,429)	-	(11,675,981)
Equipment	(2,147,814)	(273,756)	28,470	(2,393,100)
Vehicles	<u>(1,931,865)</u>	<u>(224,358)</u>	<u>200,911</u>	<u>(1,955,312)</u>
Total accumulated depreciation	<u>(17,468,953)</u>	<u>(1,749,107)</u>	<u>229,381</u>	<u>(18,988,679)</u>
Total capital assets, being depreciated	<u>35,932,775</u>	<u>(1,057,034)</u>	<u>-</u>	<u>34,875,741</u>
Governmental activities capital assets, net	<u>\$ 42,302,925</u>	<u>\$ (217,876)</u>	<u>\$ -</u>	<u>\$ 42,085,049</u>

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 7 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Regular	\$ 729,375
Special	120,015
Vocational	19,009
<u>Support Services:</u>	
Pupil	48,949
Instructional staff	28,269
Board of education	164
Administration	50,500
Fiscal	4,217
Business	32,300
Operations and maintenance	253,058
Pupil transportation	233,699
Central	66,120
Noninstructional operations	9,252
Extracurricular activities	88,832
Intergovernmental pass through	11,222
Food service operations	<u>54,126</u>
Total depreciation expense	<u>\$ 1,749,107</u>

**B. Business-Type Activities**

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

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/06</u>
<b>Business-Type Activities:</b>				
<i>Capital assets, being depreciated:</i>				
Land improvements	\$ 171,857	\$ -	\$ -	\$ 171,857
Buildings	3,582,289	-	-	3,582,289
Equipment	166,958	-	(5,350)	161,608
Vehicles	<u>61,147</u>	<u>-</u>	<u>-</u>	<u>61,147</u>
Total capital assets, being depreciated	<u>3,982,251</u>	<u>-</u>	<u>(5,350)</u>	<u>3,976,901</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(111,629)	(5,468)	-	(117,097)
Buildings	(1,215,910)	(91,321)	-	(1,307,231)
Equipment	(133,215)	(8,902)	5,350	(136,767)
Vehicles	<u>(19,202)</u>	<u>(6,114)</u>	<u>-</u>	<u>(25,316)</u>
Total accumulated depreciation	<u>(1,479,956)</u>	<u>(111,805)</u>	<u>5,350</u>	<u>(1,586,411)</u>
Business-type activities capital assets, net	<u>\$ 2,502,295</u>	<u>\$ (111,805)</u>	<u>\$ -</u>	<u>\$ 2,390,490</u>

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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 2006, the District maintained comprehensive insurance coverage for liability, violence, 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. The following is a description of the District's insurance coverage:

Building and Contents - Replacement Cost	\$65,410,338
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 2006, the District paid administration fees in the amount of \$9,900 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. During fiscal 2006, the District's Board of Education paid 98% and 90% of the cost of the monthly premium for non-administrative full-time employees and administrators, respectively.

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  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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 12 to 22 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, classified OAPSE employees receive payment for one-fourth of total sick leave accumulation with no maximum accumulation plus fifteen additional days less one day for each sick leave absence during their last two years of service. For classified CESSA and certified employees, upon retirement, employees receive one-fourth of total sick leave accumulation up to a maximum accumulation of 336 and 320 days, respectively, plus eight percent of sick leave accumulation over the last five years of service less sick leave used over the last five years of service.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem in the amount of \$100,000 and \$200,000 for all administrators. Non-union classified employees receive insurance that is double their salary, not to exceed \$100,000.

**NOTE 10 - PENSION PLANS**

**A. School Employees Retirement System of Ohio**

The District contributes to the School Employees Retirement System (SERS Ohio), a cost-sharing multiple employer defined benefit pension plan. SERS Ohio 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 Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System of Ohio, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on the SERS Ohio website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent 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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Ohio Retirement Board. The District's required contribution for pension obligations to SERS Ohio for fiscal years ended 2006, 2005, and 2004 were \$867,105, \$855,323, and \$699,245; 43.36 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$491,090 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

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CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 10 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004 were \$2,472,253, \$2,361,756 and \$2,216,619; 82.81 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$424,866 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2006 were \$46,031 made by the District and \$68,920 made by plan members.

**ORANGE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$190,173 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS Ohio were \$254.780 million and STRS Ohio had 115,395 eligible benefit recipients.

For SERS Ohio, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS Ohio levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS Ohio salaries. For the 2006 fiscal year, District paid \$351,317 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS Ohio had net assets available for payment of health care benefits of \$267.5 million. SERS Ohio has 58,123 participants currently receiving health care benefits.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 12 - LONG-TERM OBLIGATIONS**

A. During fiscal 2006, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/06</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	\$ 23,075,000	\$ -	\$ (610,000)	\$ 22,465,000	\$ 685,000
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	491,083	106,511	-	597,594	-
Series 2004, Improvement					
Current Interest Bonds					
2.0 - 4.625%, 12/01/26 maturity	4,460,000	-	(160,000)	4,300,000	165,000
Series 2004, Improvement					
Capital Appreciation Bonds					
24.185% (average effective)					
12/01/13 and 12/01/14 maturity	39,998	-	-	39,998	-
Series 2004, Improvement					
Capital Appreciation Bonds					
24.185% (average effective)					
12/01/13 and 12/01/14 maturity	<u>12,002</u>	<u>13,277</u>	<u>-</u>	<u>25,279</u>	<u>-</u>
Total, general obligation bonds	<u>28,866,304</u>	<u>119,788</u>	<u>(770,000)</u>	<u>28,216,092</u>	<u>850,000</u>

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

	Balance Outstanding <u>06/30/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/06</u>	Amount Due in One Year
<b>Other Obligations:</b>					
Capital lease obligation	\$ 60,640	\$ -	\$ (29,104)	\$ 31,536	\$ 31,536
Compensated absences	3,530,763	767,413	(304,348)	3,993,828	313,657
Arbitrage	<u>34,900</u>	<u>-</u>	<u>-</u>	<u>34,900</u>	<u>34,900</u>
Total, other obligations	<u>3,626,303</u>	<u>767,413</u>	<u>(333,452)</u>	<u>4,060,264</u>	<u>380,093</u>
Total, all governmental activities					
long-term liabilities	<u>\$ 32,492,607</u>	<u>\$ 887,201</u>	<u>\$ (1,103,452)</u>	<u>\$ 32,276,356</u>	<u>\$ 1,230,093</u>
Add: Unamortized premium on bonds				<u>178,547</u>	
Total on statement of net assets				<u>\$ 32,454,903</u>	
<b>Business-Type Activity:</b>					
Compensated absences	<u>\$ 12,923</u>	<u>\$ 3,617</u>	<u>\$ (3,912)</u>	<u>\$ 12,628</u>	<u>\$ 3,099</u>
Total business-type activities,					
long-term obligations	<u>\$ 12,923</u>	<u>\$ 3,617</u>	<u>\$ (3,912)</u>	<u>\$ 12,628</u>	<u>\$ 3,099</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 fund. The Building Improvement fund (a nonmajor governmental fund) will pay the estimated 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 were used to retire the Series 2003 School Improvement Notes which matured 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, 2006 was \$39,998. A total of \$25,279 in accreted interest has been included in the statement of net assets at June 30, 2006. 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:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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.

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 Series 1999 general obligation bonds, the District did not meet the expenditure deadlines. The remaining estimated arbitrage liability at June 30, 2006 is \$34,900. This amount will be repaid in a future fiscal year from the Building Improvement fund (a nonmajor governmental fund).

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2006 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
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	905,000	983,555	1,888,555	-	-	-
2011	950,000	942,270	1,892,270	-	-	-
2012 - 2016	1,070,000	4,382,985	5,452,985	788,221	1,636,779	2,425,000
2017 - 2021	7,425,000	3,125,875	10,550,875	-	-	-
2022 - 2024	9,860,000	946,688	10,806,688	-	-	-
Total	<u>\$ 22,465,000</u>	<u>\$ 13,542,773</u>	<u>\$ 36,007,773</u>	<u>\$ 788,221</u>	<u>\$ 1,636,779</u>	<u>\$ 2,425,000</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year Ending June 30	Current Interest			Capital Appreciation		
	G.O. Bonds (Series 2004)			G.O. Bonds (Series 2004)		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 165,000	\$ 168,808	\$ 333,808	\$ -	\$ -	\$ -
2008	170,000	165,245	335,245	-	-	-
2009	170,000	160,995	330,995	-	-	-
2010	175,000	156,033	331,033	-	-	-
2011	180,000	150,483	330,483	-	-	-
2012 - 2016	585,000	678,549	1,263,549	39,998	360,002	400,000
2017 - 2021	1,135,000	517,129	1,652,129	-	-	-
2022 - 2026	1,400,000	240,630	1,640,630	-	-	-
2027	320,000	7,400	327,400	-	-	-
<b>Total</b>	<b>\$ 4,300,000</b>	<b>\$ 2,245,272</b>	<b>\$ 6,545,272</b>	<b>\$ 39,998</b>	<b>\$ 360,002</b>	<b>\$ 400,000</b>

**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, 2006 are a voted debt margin of \$56,803,001 (including available funds of \$1,455,700) and an unvoted debt margin of \$928,482.

**NOTE 13 - CAPITALIZED LEASE**

In prior years, the District entered into capitalized leases for copiers. 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 \$135,298, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2006 was \$125,634, leaving a current book value of \$9,664.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2006 fiscal year totaled \$29,104 and \$3,832, respectively. These amounts are reported as debt service payments of the general fund.

**ORANGE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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, 2006.

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$ 32,935
Total minimum lease payments	32,935
Less: amount representing interest	<u>(1,399)</u>
Present value of minimum lease payments	<u>\$ 31,536</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 \$45,954 to LNOCA during fiscal year 2006. 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 2006, the District paid \$2,639 to the Council for membership and other services, \$272,758 for the Council's prepaid natural gas program and \$420,282 for the Council's prepaid electricity program. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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, 2006.

**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, 2006, as reported on the fund statement:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 104,100
	Permanent Improvement fund	<u>450,000</u>
	Total	<u>\$ 554,100</u>

The interfund loans were necessitated 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, 2006, consisted of the following, as reported on the fund statements:**

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental fund	\$ 106,000
Permanent Improvement fund	<u>162,370</u>
Total	<u>\$ 268,370</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 transfers between governmental funds are eliminated on the government-wide financial statements.

**ORANGE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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. During fiscal year 2006, the District transferred the budget stabilization reserve to the Permanent Improvement fund and spent the balance on allowable expenditures in accordance with State Statute.

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, 2005	\$ (499,109)	\$ -	\$ 162,370
Current year set-aside requirement	351,631	351,631	-
Qualifying disbursements	<u>(475,880)</u>	<u>(2,705,117)</u>	<u>(162,370)</u>
Total	<u>\$ (623,358)</u>	<u>\$ (2,353,486)</u>	<u>\$ -</u>
Balance carried forward to FY 2007	<u>\$ (623,358)</u>	<u>\$ -</u>	<u>\$ -</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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 19 - CONTRACTUAL COMMITMENTS**

As of June 30, 2006, the District had the following contractual purchase commitments outstanding:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount</u>
Beechwood Board of Education	Vocational/Special Education Services	\$ 37,833
Mayfield Board of Education	Vocational/Special Education Services	134,532
Beech Brook	Special Education Services	23,514
Squires, Sanders & Dempsey	Legal Services	25,000
Town Center Construction	Orange H.S. Media Center Construction	1,937,442
Alpha Engineering	Brady Middle School Boiler Project	44,214
Western Reserve Asphalt	Asphalt Projects	68,100
C.D. Whitfield Company	Brady Middle School Boiler Project	43,378
Cuyahoga County Education Service Center	Education and Consulting Services	53,675
Fanning Howey Associates	Architectural Consulting Services	78,159
Corporate Express	Orange H.S. Media Center Furniture	78,436
Total		<u>\$ 2,524,283</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).

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.

<b>Net Change in Fund Balance</b>		<u>General Fund</u>
Budget basis		\$ 3,984,480
Net adjustment for revenue accruals		(2,324,147)
Net adjustment for expenditure accruals		(342,094)
Net adjustment for other financing sources/(uses)		514,729
Adjustment for encumbrances		520,159
GAAP basis		<u>\$ 2,353,127</u>

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES  
SUPPLEMENTAL INFORMATION

**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 35,873,227	\$ 36,397,843	\$ 35,974,789	\$ (423,054)
Intergovernmental. . . . .	6,143,142	6,143,142	6,414,654	271,512
Investment earnings. . . . .	375,000	375,000	956,742	581,742
Tuition and fees . . . . .	2,595,500	3,345,500	3,451,311	105,811
Transportation fees . . . . .	10,000	10,000	10,391	391
Classroom materials and fees . . . . .	2,500	2,500	5,813	3,313
Rentals . . . . .	6,000	6,000	4,750	(1,250)
Miscellaneous. . . . .	12,296	12,296	41,657	29,361
<i>Total revenues.</i> . . . .	<u>45,017,665</u>	<u>46,292,281</u>	<u>46,860,107</u>	<u>567,826</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	11,915,250	11,915,250	11,605,714	309,536
Fringe benefits . . . . .	3,658,763	3,658,763	3,473,014	185,749
Purchased services . . . . .	226,870	229,423	205,219	24,204
Materials and supplies. . . . .	518,519	503,054	457,736	45,318
Capital outlay . . . . .	272,784	286,747	240,985	45,762
Total instruction-regular. . . . .	<u>16,592,186</u>	<u>16,593,237</u>	<u>15,982,668</u>	<u>610,569</u>
Instruction-special:				
Salaries and wages . . . . .	2,990,000	2,992,547	2,977,603	14,944
Fringe benefits . . . . .	1,041,341	1,041,341	938,566	102,775
Purchased services . . . . .	904,026	831,326	896,214	(64,888)
Materials and supplies. . . . .	39,755	38,249	30,634	7,615
Capital outlay . . . . .	11,837	8,200	4,881	3,319
Total instruction-special. . . . .	<u>4,986,959</u>	<u>4,911,663</u>	<u>4,847,898</u>	<u>63,765</u>
Instruction-vocational:				
Salaries and wages . . . . .	85,250	85,250	85,237	13
Fringe benefits . . . . .	19,923	19,923	31,361	(11,438)
Purchased services . . . . .	227,274	302,274	278,908	23,366
Materials and supplies. . . . .	4,100	4,100	4,035	65
Total instruction-vocational. . . . .	<u>336,547</u>	<u>411,547</u>	<u>399,541</u>	<u>12,006</u>
Support services-pupil:				
Salaries and wages . . . . .	1,960,750	1,960,750	1,945,352	15,398
Fringe benefits . . . . .	691,609	691,609	669,634	21,975
Purchased services . . . . .	33,931	21,531	16,615	4,916
Materials and supplies. . . . .	33,183	24,983	21,175	3,808
Capital outlay . . . . .	3,550	3,550	2,945	605
Total support services-pupil. . . . .	<u>2,723,023</u>	<u>2,702,423</u>	<u>2,655,721</u>	<u>46,702</u>

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**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support services-instructional staff:				
Salaries and wages . . . . .	\$ 2,095,750	\$ 2,095,750	\$ 2,040,768	\$ 54,982
Fringe benefits . . . . .	971,110	971,110	919,563	51,547
Purchased services . . . . .	132,367	166,155	156,842	9,313
Materials and supplies. . . . .	55,990	50,536	46,500	4,036
Capital outlay . . . . .	18,908	23,908	21,823	2,085
Total support services-instructional staff . . . . .	<u>3,274,125</u>	<u>3,307,459</u>	<u>3,185,496</u>	<u>121,963</u>
Support services-board of education:				
Salaries and wages . . . . .	9,600	9,600	7,680	1,920
Fringe benefits . . . . .	1,580	1,580	1,361	219
Purchased services . . . . .	19,000	19,500	17,853	1,647
Other . . . . .	175,985	158,191	126,067	32,124
Total support services-board of education . . . . .	<u>206,165</u>	<u>188,871</u>	<u>152,961</u>	<u>35,910</u>
Support services-administration:				
Salaries and wages . . . . .	1,592,750	1,592,750	1,708,026	(115,276)
Fringe benefits . . . . .	704,453	709,395	748,517	(39,122)
Purchased services . . . . .	370,012	485,697	466,795	18,902
Materials and supplies. . . . .	35,300	34,680	33,949	731
Capital outlay . . . . .	9,485	6,675	5,067	1,608
Other . . . . .	30,950	34,929	27,702	7,227
Total support services-administration. . . . .	<u>2,742,950</u>	<u>2,864,126</u>	<u>2,990,056</u>	<u>(125,930)</u>
Support services-fiscal:				
Salaries and wages . . . . .	314,500	314,500	298,752	15,748
Fringe benefits . . . . .	159,809	159,809	152,427	7,382
Purchased services . . . . .	69,000	69,000	42,648	26,352
Materials and supplies. . . . .	10,100	10,100	7,632	2,468
Capital outlay . . . . .	21,734	21,734	17,691	4,043
Other . . . . .	582,000	577,021	604,160	(27,139)
Total support services-fiscal . . . . .	<u>1,157,143</u>	<u>1,152,164</u>	<u>1,123,310</u>	<u>28,854</u>
Support services-business:				
Salaries and wages . . . . .	237,250	237,250	224,536	12,714
Fringe benefits . . . . .	88,399	88,399	85,677	2,722
Purchased services . . . . .	107,000	129,000	105,679	23,321
Materials and supplies. . . . .	59,200	59,200	48,806	10,394
Capital outlay . . . . .	38,662	37,662	36,123	1,539
Other . . . . .	4,450	4,450	2,913	1,537
Total support services-business . . . . .	<u>534,961</u>	<u>555,961</u>	<u>503,734</u>	<u>52,227</u>

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**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support services-operations and maintenance:				
Salaries and wages . . . . .	\$ 1,682,000	\$ 1,682,000	\$ 1,536,330	\$ 145,670
Fringe benefits . . . . .	652,749	652,749	649,658	3,091
Purchased services . . . . .	2,353,557	2,557,257	2,022,610	534,647
Materials and supplies. . . . .	282,025	283,675	253,589	30,086
Capital outlay . . . . .	88,708	88,708	76,485	12,223
Other . . . . .	25,000	25,000	15,862	9,138
Total support services-operations and maintenance . . . . .	<u>5,084,039</u>	<u>5,289,389</u>	<u>4,554,534</u>	<u>734,855</u>
Support services-pupil transportation:				
Salaries and wages . . . . .	1,685,500	1,685,500	1,692,388	(6,888)
Fringe benefits . . . . .	843,301	843,301	819,270	24,031
Purchased services . . . . .	168,645	135,108	133,080	2,028
Materials and supplies. . . . .	275,678	303,395	302,268	1,127
Capital outlay . . . . .	296,140	301,961	301,932	29
Total support services-pupil transportation . . . . .	<u>3,269,264</u>	<u>3,269,265</u>	<u>3,248,938</u>	<u>20,327</u>
Support services-central:				
Salaries and wages . . . . .	438,500	438,500	436,673	1,827
Fringe benefits . . . . .	382,748	382,748	536,533	(153,785)
Purchased services . . . . .	199,588	308,325	262,542	45,783
Materials and supplies. . . . .	75,082	82,382	80,263	2,119
Capital outlay . . . . .	21,800	21,800	20,330	1,470
Total support services-central . . . . .	<u>1,117,718</u>	<u>1,233,755</u>	<u>1,336,341</u>	<u>(102,586)</u>
Operation of non-instructional services:				
Fringe benefits . . . . .	2,000	2,000	1,106	894
Materials and supplies. . . . .	2,000	1,500	1,282	218
Total operation of non-instructional services . . . . .	<u>4,000</u>	<u>3,500</u>	<u>2,388</u>	<u>1,112</u>
Extracurricular activities:				
Salaries and wages . . . . .	901,600	901,600	913,699	(12,099)
Fringe benefits . . . . .	184,061	184,061	195,063	(11,002)
Purchased services . . . . .	200	200	180	20
Total extracurricular activities. . . . .	<u>1,085,861</u>	<u>1,085,861</u>	<u>1,108,942</u>	<u>(23,081)</u>
Total expenditures . . . . .	<u>43,114,941</u>	<u>43,569,221</u>	<u>42,092,528</u>	<u>1,476,693</u>

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**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of revenues over (under) expenditures . . . . .</i>	<u>1,902,724</u>	<u>2,723,060</u>	<u>4,767,579</u>	<u>2,044,519</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	6,000	6,000	6,471	471
Transfers out . . . . .	(353,370)	(353,370)	(269,870)	83,500
Advances in . . . . .	-	-	34,400	34,400
Advances out. . . . .	-	-	(554,100)	(554,100)
Proceeds from the sale of capital assets . . . .	500	500	-	(500)
Contingencies . . . . .	<u>(340,000)</u>	<u>(86,721)</u>	<u>-</u>	<u>86,721</u>
<i>Total other financing sources (uses) . . . . .</i>	<u>(686,870)</u>	<u>(433,591)</u>	<u>(783,099)</u>	<u>(349,508)</u>
<i>Net change in fund balance . . . . .</i>	1,215,854	2,289,469	3,984,480	1,695,011
<i>Fund balance at beginning of year . . . . .</i>	19,388,344	19,388,344	19,388,344	-
<i>Prior year encumbrances appropriated. . . . .</i>	<u>640,726</u>	<u>640,726</u>	<u>640,726</u>	<u>-</u>
<i>Fund balance at end of year. . . . .</i>	<u>\$ 21,244,924</u>	<u>\$ 22,318,539</u>	<u>\$ 24,013,550</u>	<u>\$ 1,695,011</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 2,027,055	\$ 2,070,154	\$ 2,050,832	\$ (19,322)
Intergovernmental. . . . .	248,030	253,000	239,492	(13,508)
Investment earnings. . . . .	40,000	40,000	49,892	9,892
<i>Total revenues.</i> . . . .	<u>2,315,085</u>	<u>2,363,154</u>	<u>2,340,216</u>	<u>(22,938)</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement. . . . .	770,000	770,000	770,000	-
Interest and fiscal charges . . . . .	1,283,940	1,283,940	1,283,940	-
Total debt service . . . . .	<u>2,053,940</u>	<u>2,053,940</u>	<u>2,053,940</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>2,053,940</u>	<u>2,053,940</u>	<u>2,053,940</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	261,145	309,214	286,276	(22,938)
<i>Fund balance at beginning of year</i> . . . . .	<u>925,855</u>	<u>925,855</u>	<u>925,855</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ 1,187,000</u>	<u>\$ 1,235,069</u>	<u>\$ 1,212,131</u>	<u>\$ (22,938)</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 799,636	\$ 810,739	\$ 803,386	\$ (7,353)
Intergovernmental. . . . .	97,469	98,750	94,625	(4,125)
Investment earnings . . . . .	50,000	50,000	87,296	37,296
Miscellaneous. . . . .	25,000	25,000	11,211	(13,789)
<i>Total revenues.</i> . . . .	<u>972,105</u>	<u>984,489</u>	<u>996,518</u>	<u>12,029</u>
<b>Expenditures:</b>				
Current:				
Support services-central				
Purchased services . . . . .	3,500	3,500	-	3,500
Total support services-central . . . . .	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Facilities acquisition and construction:				
Capital outlay . . . . .	649,594	3,737,710	3,407,786	329,924
Total facilities acquisition and construction. . . . .	<u>649,594</u>	<u>3,737,710</u>	<u>3,407,786</u>	<u>329,924</u>
<i>Total expenditures</i> . . . . .	<u>653,094</u>	<u>3,741,210</u>	<u>3,407,786</u>	<u>333,424</u>
<i>Excess of revenues under expenditures.</i> . . . .	<u>319,011</u>	<u>(2,756,721)</u>	<u>(2,411,268)</u>	<u>345,453</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	-	-	600	600
Transfers in. . . . .	-	362,373	162,370	(200,003)
Advances in . . . . .	-	254,000	450,000	196,000
<i>Total other financing sources.</i> . . . .	<u>-</u>	<u>616,373</u>	<u>612,970</u>	<u>(3,403)</u>
<i>Net change in fund balance</i> . . . . .	319,011	(2,140,348)	(1,798,298)	342,050
<i>Fund balance at beginning of year</i> . . . . .	1,987,254	1,987,254	1,987,254	-
<i>Prior year encumbrances appropriated.</i> . . . .	<u>153,094</u>	<u>153,094</u>	<u>153,094</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ 2,459,359</u>	<u>\$ -</u>	<u>\$ 342,050</u>	<u>\$ 342,050</u>

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
RECREATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Tuition and fees . . . . .	\$ 1,646,822	\$ 1,646,822	\$ 1,365,357	\$ (281,465)
Sales/charges for services. . . . .	132,519	132,519	94,925	(37,594)
Other. . . . .	27,125	27,125	32,083	4,958
<i>Total operating revenues . . . . .</i>	<u>1,806,466</u>	<u>1,806,466</u>	<u>1,492,365</u>	<u>(314,101)</u>
<b>Operating expenses:</b>				
Salaries. . . . .	1,220,014	1,219,674	1,052,134	167,540
Fringe benefits . . . . .	436,797	437,877	352,955	84,922
Purchased services . . . . .	894,259	881,723	589,231	292,492
Materials and supplies . . . . .	153,121	169,168	103,778	65,390
Capital outlay. . . . .	39,345	34,900	20,034	14,866
Other. . . . .	19,900	19,900	14,416	5,484
<i>Total operating expenses . . . . .</i>	<u>2,763,436</u>	<u>2,763,242</u>	<u>2,132,548</u>	<u>630,694</u>
<i>Operating loss . . . . .</i>	<u>(956,970)</u>	<u>(956,776)</u>	<u>(640,183)</u>	<u>316,593</u>
<b>Nonoperating revenues (expenses):</b>				
Grants and subsidies . . . . .	106,441	119,454	92,567	(26,887)
Investment earnings . . . . .	45,000	45,000	111,893	66,893
Property taxes . . . . .	653,852	733,788	753,865	20,077
Contributions and donations. . . . .	13,182	13,182	13,985	803
Refund of prior year's receipts. . . . .	-	(14,873)	(14,873)	-
Refund of prior year's expense. . . . .	-	-	267	267
<i>Total nonoperating revenues (expenses). . . . .</i>	<u>818,475</u>	<u>896,551</u>	<u>957,704</u>	<u>61,153</u>
<i>Net income (loss) before transfers. . . . .</i>	<u>(138,495)</u>	<u>(60,225)</u>	<u>317,521</u>	<u>377,746</u>
<b>Transfers:</b>				
Transfers in. . . . .	36,000	36,000	-	(36,000)
<i>Total transfers . . . . .</i>	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>(36,000)</u>
<i>Net change in fund balance . . . . .</i>	<u>(102,495)</u>	<u>(24,225)</u>	<u>317,521</u>	<u>341,746</u>
<i>Fund equity at beginning of year . . . . .</i>	<u>2,619,320</u>	<u>2,619,320</u>	<u>2,619,320</u>	<u>-</u>
<i>Prior year encumbrances appropriated. . . . .</i>	<u>34,616</u>	<u>34,616</u>	<u>34,616</u>	<u>-</u>
<i>Fund equity at end of year. . . . .</i>	<u>\$ 2,551,441</u>	<u>\$ 2,629,711</u>	<u>\$ 2,971,457</u>	<u>\$ 341,746</u>

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**ORANGE CITY SCHOOL DISTRICT**

*COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 627,805	\$ 195,262	\$ 823,067
Accounts receivable . . . . .	130	-	130
Accrued interest receivable. . . . .	1,788	1,400	3,188
Intergovernmental receivable. . . . .	204,895	-	204,895
Inventory held for resale . . . . .	28,847	-	28,847
Materials and supplies inventory . . . . .	629	-	629
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total assets.</i> . . . . .	<u>\$ 864,094</u>	<u>\$ 196,662</u>	<u>\$ 1,060,756</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 3,410	\$ -	\$ 3,410
Accrued wages payable. . . . .	89,126	-	89,126
Interfund loan payable . . . . .	104,100	-	104,100
Pension obligation payable. . . . .	41,895	-	41,895
Intergovernmental payable . . . . .	4,927	-	4,927
Deferred revenue . . . . .	54,709	989	55,698
Undistributed monies. . . . .	5,487	-	5,487
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total liabilities.</i> . . . . .	<u>303,654</u>	<u>989</u>	<u>304,643</u>
 <b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	64,145	-	64,145
Unreserved, undesignated, reported in:			
Special revenue funds . . . . .	496,295	-	496,295
Capital projects funds . . . . .	-	195,673	195,673
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total fund balances</i> . . . . .	<u>560,440</u>	<u>195,673</u>	<u>756,113</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total liabilities and fund balances.</i> . . . . .	<u>\$ 864,094</u>	<u>\$ 196,662</u>	<u>\$ 1,060,756</u>

**ORANGE CITY SCHOOL DISTRICT**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Intergovernmental . . . . .	\$ 1,259,081	\$ -	\$ 1,259,081
Investment earnings . . . . .	8,604	7,604	16,208
Extracurricular activities . . . . .	378,972	-	378,972
Classroom materials and fees . . . . .	78,360	-	78,360
Charges for services . . . . .	480,615	-	480,615
Miscellaneous . . . . .	34,257	-	34,257
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total revenue . . . . .</i>	<u>2,239,889</u>	<u>7,604</u>	<u>2,247,493</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	145,274	-	145,274
Special . . . . .	271,956	-	271,956
Vocational . . . . .	100	-	100
Support services:			
Pupil . . . . .	345,910	-	345,910
Instructional staff . . . . .	108,707	-	108,707
Administration . . . . .	8,182	-	8,182
Central . . . . .	25,560	-	25,560
Operation of non-instructional services . . . . .	3,767	-	3,767
Food service operations . . . . .	527,599	-	527,599
Extracurricular activities . . . . .	472,896	-	472,896
Facilities acquisition and construction . . . . .	-	42,132	42,132
Intergovernmental pass through . . . . .	381,980	-	381,980
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures . . . . .</i>	<u>2,291,931</u>	<u>42,132</u>	<u>2,334,063</u>
<i>Excess of revenues over (under)   expenditures . . . . .</i>	<u>(52,042)</u>	<u>(34,528)</u>	<u>(86,570)</u>
<b>Other financing sources:</b>			
Transfers in . . . . .	106,000	-	106,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total other financing sources . . . . .</i>	<u>106,000</u>	<u>-</u>	<u>106,000</u>
<i>Net change in fund balances . . . . .</i>	53,958	(34,528)	19,430
<i>Fund balances at beginning of year . . . . .</i>	506,482	230,201	736,683
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Fund balances at end of year . . . . .</i>	<u>\$ 560,440</u>	<u>\$ 195,673</u>	<u>\$ 756,113</u>

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.

***Local 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.

***Ohio K-12 Network Connectivity Fund***

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

***eTech Professional Development Fund***

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

***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 V Fund***

To account for federal monies used to assist in the reform of elementary and secondary education to facilitate school improvement and parental involvement activities.

***Drug Free Schools Grant Fund***

A fund provided to account for federal monies which support the implementation of programs designed to prevent violence and the illegal use of alcohol, tobacco and drugs.

***Preschool Disability Fund***

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

***Title II-A Fund***

To account for grant monies used for the hiring of additional teachers in grades 1-3.

***Miscellaneous Federal Grants***

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

***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.

**ORANGE CITY SCHOOL DISTRICT**

*COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2006*

	<u>Public School Support</u>	<u>Local Grants</u>	<u>District Managed Activity</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 61,209	\$ 24,206	\$ 65,842
Accounts receivable . . . . .	46	-	-
Accrued interest receivable. . . . .	-	-	-
Intergovernmental receivable. . . . .	-	-	-
Inventory held for resale . . . . .	-	-	-
Materials and supplies inventory . . . . .	-	-	-
<i>Total assets.</i> . . . .	<u>\$ 61,255</u>	<u>\$ 24,206</u>	<u>\$ 65,842</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 485	\$ -	\$ 226
Accrued wages payable. . . . .	-	-	-
Interfund loan payable . . . . .	-	-	-
Pension obligation payable. . . . .	-	-	420
Intergovernmental payable . . . . .	-	-	-
Deferred revenue . . . . .	-	-	-
Undistributed monies. . . . .	-	-	-
<i>Total liabilities.</i> . . . .	<u>485</u>	<u>-</u>	<u>646</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	-	-	450
Unreserved, undesignated . . . . .	60,770	24,206	64,746
<i>Total fund balances</i> . . . . .	<u>60,770</u>	<u>24,206</u>	<u>65,196</u>
<i>Total liabilities and fund balances</i> . . . . .	<u>\$ 61,255</u>	<u>\$ 24,206</u>	<u>\$ 65,842</u>

Auxiliary Services	Education Management Information Systems	Entry Year Programs	eTech Professional Development	Title VI-B
\$ 51,933	\$ 1	\$ 26	\$ 713	\$ 143,810
-	-	-	-	-
-	-	-	-	-
-	-	-	-	124,612
-	-	-	-	-
-	-	-	-	-
<u>\$ 51,933</u>	<u>\$ 1</u>	<u>\$ 26</u>	<u>\$ 713</u>	<u>\$ 268,422</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,474
28,541	-	-	-	20,918
-	-	-	-	100,000
3,404	-	-	-	10,018
463	-	-	-	3,785
-	-	-	-	24,612
-	-	-	-	-
<u>32,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,807</u>
-	-	-	-	61,413
<u>19,525</u>	<u>1</u>	<u>26</u>	<u>713</u>	<u>45,202</u>
<u>19,525</u>	<u>1</u>	<u>26</u>	<u>713</u>	<u>106,615</u>
<u>\$ 51,933</u>	<u>\$ 1</u>	<u>\$ 26</u>	<u>\$ 713</u>	<u>\$ 268,422</u>

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**ORANGE CITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**JUNE 30, 2006**

	Title III	Title I	Title V	Drug Free Schools Grant	Preschool Disability
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,466	\$ 11,048	\$ 353	\$ 1,237	\$ 6,376
Accounts receivable . . . . .	-	-	-	-	-
Accrued interest receivable. . . . .	-	-	-	-	-
Intergovernmental receivable. . . . .	22,217	26,387	5,078	294	4,180
Inventory held for resale . . . . .	-	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-	-
<i>Total assets.</i> . . . .	<u>\$ 23,683</u>	<u>\$ 37,435</u>	<u>\$ 5,431</u>	<u>\$ 1,531</u>	<u>\$ 10,556</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable. . . . .	\$ -	\$ -	\$ -	\$ -	\$ 110
Accrued wages payable. . . . .	-	21,442	-	-	-
Interfund loan payable . . . . .	-	-	-	-	4,100
Pension obligation payable. . . . .	-	2,528	-	-	94
Intergovernmental payable . . . . .	-	493	-	-	-
Deferred revenue . . . . .	22,217	-	5,078	294	-
Undistributed monies. . . . .	-	-	-	-	-
<i>Total liabilities.</i> . . . .	<u>22,217</u>	<u>24,463</u>	<u>5,078</u>	<u>294</u>	<u>4,304</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	768	-	-	-	1,514
Unreserved, undesignated . . . . .	698	12,972	353	1,237	4,738
<i>Total fund balances</i> . . . . .	<u>1,466</u>	<u>12,972</u>	<u>353</u>	<u>1,237</u>	<u>6,252</u>
<i>Total liabilities and fund balances</i> . . . . .	<u>\$ 23,683</u>	<u>\$ 37,435</u>	<u>\$ 5,431</u>	<u>\$ 1,531</u>	<u>\$ 10,556</u>

Title II-A	Miscellaneous Federal Grants	Food Service	Memorial	Uniform School Supplies	Total Nonmajor Special Revenue Funds
\$ 1,231	\$ 373	\$ 132,193	\$ 49,319	\$ 76,469	\$ 627,805
-	-	-	-	84	130
-	-	1,166	622	-	1,788
13,650	-	8,477	-	-	204,895
-	-	5,631	-	23,216	28,847
-	-	629	-	-	629
<u>\$ 14,881</u>	<u>\$ 373</u>	<u>\$ 148,096</u>	<u>\$ 49,941</u>	<u>\$ 99,769</u>	<u>\$ 864,094</u>
\$ -	\$ -	\$ 115	\$ -	\$ -	\$ 3,410
7,603	-	10,622	-	-	89,126
-	-	-	-	-	104,100
954	-	24,477	-	-	41,895
186	-	-	-	-	4,927
1,246	-	823	439	-	54,709
-	-	-	5,487	-	5,487
<u>9,989</u>	<u>-</u>	<u>36,037</u>	<u>5,926</u>	<u>-</u>	<u>303,654</u>
-	-	-	-	-	64,145
<u>4,892</u>	<u>373</u>	<u>112,059</u>	<u>44,015</u>	<u>99,769</u>	<u>496,295</u>
<u>4,892</u>	<u>373</u>	<u>112,059</u>	<u>44,015</u>	<u>99,769</u>	<u>560,440</u>
<u>\$ 14,881</u>	<u>\$ 373</u>	<u>\$ 148,096</u>	<u>\$ 49,941</u>	<u>\$ 99,769</u>	<u>\$ 864,094</u>

**ORANGE CITY SCHOOL DISTRICT**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	<u>Public School Support</u>	<u>Local Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>	<u>Education Management Information Systems</u>
<b>Revenues:</b>					
Intergovernmental . . . . .	\$ -	\$ 29,546	\$ -	\$ 399,230	\$ 8,015
Investment earnings . . . . .	-	-	-	1,574	-
Extracurricular activities . . . . .	132,660	-	246,312	-	-
Classroom materials and fees . . . . .	5,240	-	-	-	-
Charges for services . . . . .	-	-	-	-	-
Miscellaneous . . . . .	20,333	500	9,663	-	-
<i>Total revenue . . . . .</i>	<u>158,233</u>	<u>30,046</u>	<u>255,975</u>	<u>400,804</u>	<u>8,015</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	-	9,133	-	-	-
Special . . . . .	5,981	-	-	-	-
Vocational . . . . .	-	100	-	-	-
Support services:					
Pupil . . . . .	52,019	300	-	-	-
Instructional staff . . . . .	520	963	-	-	-
Administration . . . . .	-	2,715	-	-	-
Central . . . . .	-	-	-	-	10,348
Operation of non-instructional services . . . . .	-	-	-	-	-
Food service operations . . . . .	-	-	-	-	-
Extracurricular activities . . . . .	112,501	-	360,395	-	-
Intergovernmental pass through . . . . .	-	-	-	381,980	-
<i>Total expenditures . . . . .</i>	<u>171,021</u>	<u>13,211</u>	<u>360,395</u>	<u>381,980</u>	<u>10,348</u>
<i>Excess of revenues over (under)   expenditures . . . . .</i>	<u>(12,788)</u>	<u>16,835</u>	<u>(104,420)</u>	<u>18,824</u>	<u>(2,333)</u>
<b>Other financing sources:</b>					
Transfers in . . . . .	-	-	106,000	-	-
<i>Total other financing sources . . . . .</i>	<u>-</u>	<u>-</u>	<u>106,000</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances . . . . .</i>	<u>(12,788)</u>	<u>16,835</u>	<u>1,580</u>	<u>18,824</u>	<u>(2,333)</u>
<i>Fund balances at beginning of year . . . . .</i>	<u>73,558</u>	<u>7,371</u>	<u>63,616</u>	<u>701</u>	<u>2,334</u>
<i>Fund balances at end of year . . . . .</i>	<u>\$ 60,770</u>	<u>\$ 24,206</u>	<u>\$ 65,196</u>	<u>\$ 19,525</u>	<u>\$ 1</u>

Entry Year Programs	Ohio K-12 Network Connectivity	eTech Professional Development	Miscellaneous State Grants	Title VI-B
\$ 8,000	\$ 12,000	\$ 3,925	\$ -	\$ 461,009
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,000	12,000	3,925	-	461,009
7,974	-	1,461	59	-
-	-	-	-	81,565
-	-	-	-	-
-	-	-	-	278,874
-	-	-	-	94,391
-	-	-	-	4,967
-	12,000	3,212	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,974	12,000	4,673	59	459,797
26	-	(748)	(59)	1,212
-	-	-	-	-
-	-	-	-	-
26	-	(748)	(59)	1,212
-	-	1,461	59	105,403
\$ 26	\$ -	\$ 713	\$ -	\$ 106,615

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**ORANGE CITY SCHOOL DISTRICT**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	<u>Title III</u>	<u>Title I</u>	<u>Title V</u>	<u>Drug Free Schools Grant</u>
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 1,264	\$ 173,626	\$ 9,091	\$ 10,278
Investment earnings . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Classroom materials and fees . . . . .	-	-	-	-
Charges for services . . . . .	-	-	-	-
Miscellaneous . . . . .	-	-	-	-
<i>Total revenue</i> . . . . .	<u>1,264</u>	<u>173,626</u>	<u>9,091</u>	<u>10,278</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	420	-
Special . . . . .	2,272	167,864	-	-
Vocational . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	6,826	-
Instructional staff . . . . .	357	-	-	11,178
Administration . . . . .	-	-	-	500
Central . . . . .	-	-	-	-
Operation of non-instructional services . . . . .	-	-	1,544	750
Food service operations . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	-
<i>Total expenditures</i> . . . . .	<u>2,629</u>	<u>167,864</u>	<u>8,790</u>	<u>12,428</u>
<i>Excess of revenues over (under)     expenditures</i> . . . . .	<u>(1,365)</u>	<u>5,762</u>	<u>301</u>	<u>(2,150)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	-	-	-	-
<i>Net change in fund balances</i> . . . . .	<u>(1,365)</u>	<u>5,762</u>	<u>301</u>	<u>(2,150)</u>
<i>Fund balances at beginning of year</i> . . . . .	<u>2,831</u>	<u>7,210</u>	<u>52</u>	<u>3,387</u>
<i>Fund balances at end of year</i> . . . . .	<u>\$ 1,466</u>	<u>\$ 12,972</u>	<u>\$ 353</u>	<u>\$ 1,237</u>

Preschool Disability	Title II-A	Miscellaneous Federal Grants	Food Service	Memorial	Uniform School Supplies	Total Nonmajor Special Revenue Funds
\$ 22,525	\$ 55,859	\$ 2,929	\$ 61,784	\$ -	\$ -	\$ 1,259,081
-	-	-	6,230	800	-	8,604
-	-	-	-	-	-	378,972
-	-	-	-	-	73,120	78,360
-	-	-	480,615	-	-	480,615
-	-	-	-	3,761	-	34,257
<u>22,525</u>	<u>55,859</u>	<u>2,929</u>	<u>548,629</u>	<u>4,561</u>	<u>73,120</u>	<u>2,239,889</u>
-	53,238	-	-	-	72,989	145,274
14,274	-	-	-	-	-	271,956
-	-	-	-	-	-	100
4,094	-	3,797	-	-	-	345,910
135	1,063	-	-	100	-	108,707
-	-	-	-	-	-	8,182
-	-	-	-	-	-	25,560
-	1,473	-	-	-	-	3,767
-	-	-	527,599	-	-	527,599
-	-	-	-	-	-	472,896
-	-	-	-	-	-	381,980
<u>18,503</u>	<u>55,774</u>	<u>3,797</u>	<u>527,599</u>	<u>100</u>	<u>72,989</u>	<u>2,291,931</u>
<u>4,022</u>	<u>85</u>	<u>(868)</u>	<u>21,030</u>	<u>4,461</u>	<u>131</u>	<u>(52,042)</u>
-	-	-	-	-	-	106,000
-	-	-	-	-	-	106,000
4,022	85	(868)	21,030	4,461	131	53,958
<u>2,230</u>	<u>4,807</u>	<u>1,241</u>	<u>91,029</u>	<u>39,554</u>	<u>99,638</u>	<u>506,482</u>
<u>\$ 6,252</u>	<u>\$ 4,892</u>	<u>\$ 373</u>	<u>\$ 112,059</u>	<u>\$ 44,015</u>	<u>\$ 99,769</u>	<u>\$ 560,440</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Extracurricular activities . . . . .	\$ 134,350	\$ 134,350	\$ 132,660	\$ (1,690)
Classroom materials and fees . . . . .	5,760	5,760	5,240	(520)
Miscellaneous . . . . .	<u>26,678</u>	<u>26,678</u>	<u>20,287</u>	<u>(6,391)</u>
<i>Total revenues.</i> . . . .	<u>166,788</u>	<u>166,788</u>	<u>158,187</u>	<u>(8,601)</u>
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Purchased services . . . . .	1,800	3,551	3,533	18
Materials and supplies . . . . .	<u>4,138</u>	<u>2,387</u>	<u>2,448</u>	<u>(61)</u>
Total instruction-special . . . . .	<u>5,938</u>	<u>5,938</u>	<u>5,981</u>	<u>(43)</u>
Support services-pupil:				
Materials and supplies . . . . .	39,900	39,900	43,590	(3,690)
Capital outlay . . . . .	<u>9,000</u>	<u>9,000</u>	<u>8,430</u>	<u>570</u>
Total support services-pupil . . . . .	<u>48,900</u>	<u>48,900</u>	<u>52,020</u>	<u>(3,120)</u>
Support services-instructional staff:				
Purchased services . . . . .	2,000	2,000	-	2,000
Materials and supplies . . . . .	9,650	9,650	-	9,650
Capital outlay . . . . .	<u>2,800</u>	<u>2,800</u>	<u>520</u>	<u>2,280</u>
Total support services-instructional staff . . . . .	<u>14,450</u>	<u>14,450</u>	<u>520</u>	<u>13,930</u>
Extracurricular activities:				
Purchased services . . . . .	90,000	102,883	72,323	30,560
Materials and supplies . . . . .	22,300	27,600	24,326	3,274
Capital outlay . . . . .	<u>17,400</u>	<u>18,800</u>	<u>15,880</u>	<u>2,920</u>
Total extracurricular activities . . . . .	<u>129,700</u>	<u>149,283</u>	<u>112,529</u>	<u>36,754</u>
<i>Total expenditures</i> . . . . .	<u>198,988</u>	<u>218,571</u>	<u>171,050</u>	<u>47,521</u>
<i>Net change in fund balance</i> . . . . .	(32,200)	(51,783)	(12,863)	38,920
<i>Fund balance at beginning of year</i> . . . . .	62,680	62,680	62,680	-
<i>Prior year encumbrances appropriated.</i> . . . .	<u>11,078</u>	<u>11,078</u>	<u>11,078</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ 41,558</u>	<u>\$ 21,975</u>	<u>\$ 60,895</u>	<u>\$ 38,920</u>

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LOCAL GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 5,000	\$ 30,065	\$ 29,546	\$ (519)
Miscellaneous . . . . .	-	500	500	-
<i>Total revenues.</i> . . . .	<u>5,000</u>	<u>30,565</u>	<u>30,046</u>	<u>(519)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Purchased services . . . . .	462	8,128	2,425	5,703
Materials and supplies. . . . .	2,197	13,697	3,351	10,346
Capital outlay . . . . .	671	10,091	3,357	6,734
Total instruction-regular. . . . .	<u>3,330</u>	<u>31,916</u>	<u>9,133</u>	<u>22,783</u>
Instruction-special:				
Purchased services . . . . .	-	800	-	800
Total instruction-special . . . . .	<u>-</u>	<u>800</u>	<u>-</u>	<u>800</u>
Instruction-vocational:				
Materials and supplies. . . . .	-	100	100	-
Total instruction-vocational . . . . .	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>
Support services-pupil				
Materials and supplies. . . . .	600	900	577	323
Total support services-pupil. . . . .	<u>600</u>	<u>900</u>	<u>577</u>	<u>323</u>
Support services-instructional staff:				
Materials and supplies. . . . .	703	963	963	-
Total support services-instructional staff . . . . .	<u>703</u>	<u>963</u>	<u>963</u>	<u>-</u>
Support services-administration:				
Materials and supplies. . . . .	600	600	600	-
Capital outlay . . . . .	2,415	2,415	2,115	300
Total support services-administration. . . . .	<u>3,015</u>	<u>3,015</u>	<u>2,715</u>	<u>300</u>
<i>Total expenditures</i> . . . . .	<u>7,648</u>	<u>37,694</u>	<u>13,488</u>	<u>24,206</u>
<i>Net change in fund balance</i> . . . . .	(2,648)	(7,129)	16,558	23,687
<i>Fund balance at beginning of year</i> . . . . .	<u>7,648</u>	<u>7,648</u>	<u>7,648</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ 5,000</u>	<u>\$ 519</u>	<u>\$ 24,206</u>	<u>\$ 23,687</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Extracurricular activities . . . . .	\$ 328,310	\$ 249,341	\$ 246,312	\$ (3,029)
Miscellaneous . . . . .	27,350	11,319	9,662	(1,657)
<i>Total revenues.</i> . . . .	355,660	260,660	255,974	(4,686)
<b>Expenditures:</b>				
Current:				
Extracurricular activities:				
Salaries and wages . . . . .	13,000	13,600	14,031	(431)
Fringe benefits . . . . .	2,190	2,290	2,236	54
Purchased services . . . . .	333,610	304,756	272,268	32,488
Materials and supplies . . . . .	102,290	78,348	71,857	6,491
Capital outlay . . . . .	18,270	1,718	368	1,350
Total extracurricular activities. . . . .	469,360	400,712	360,760	39,952
<i>Total expenditures</i> . . . . .	469,360	400,712	360,760	39,952
<i>Excess of revenues over (under) expenditures</i> . . . . .	(113,700)	(140,052)	(104,786)	35,266
<b>Other financing sources:</b>				
Transfers in . . . . .	104,000	104,000	106,000	2,000
<i>Total other financing sources</i> . . . . .	104,000	104,000	106,000	2,000
<i>Net change in fund balance</i> . . . . .	(9,700)	(36,052)	1,214	37,266
<i>Fund balance at beginning of year</i> . . . . .	64,178	64,178	64,178	-
<i>Fund balance at end of year.</i> . . . .	\$ 54,478	\$ 28,126	\$ 65,392	\$ 37,266

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 385,000	\$ 399,230	\$ 399,230	\$ -
Investment earnings . . . . .	-	107	1,574	1,467
<i>Total revenues.</i> . . . .	<u>385,000</u>	<u>399,337</u>	<u>400,804</u>	<u>1,467</u>
<b>Expenditures:</b>				
Current:				
Intergovernmental pass through				
Salaries and wages . . . . .	168,597	169,513	145,194	24,319
Fringe benefits . . . . .	46,306	50,872	43,780	7,092
Purchased services . . . . .	145,787	176,929	173,863	3,066
Capital outlay . . . . .	<u>56,294</u>	<u>32,872</u>	<u>16,883</u>	<u>15,989</u>
Total intergovernmental pass through . . . . .	<u>416,984</u>	<u>430,186</u>	<u>379,720</u>	<u>50,466</u>
<i>Total expenditures</i> . . . . .	<u>416,984</u>	<u>430,186</u>	<u>379,720</u>	<u>50,466</u>
Excess of revenues over (under) expenditures . . . . .	(31,984)	(30,849)	21,084	51,933
<b>Other financing uses:</b>				
Refund of prior year's receipts. . . . .	-	(1,135)	(1,135)	-
Total other financing uses . . . . .	<u>-</u>	<u>(1,135)</u>	<u>(1,135)</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	(31,984)	(31,984)	19,949	51,933
<i>Fund balance at beginning of year</i> . . . . .	<u>31,984</u>	<u>31,984</u>	<u>31,984</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,933</u>	<u>\$ 51,933</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 25,345	\$ 8,015	\$ (17,330)
<i>Total revenues</i> . . . . .	<u>-</u>	<u>25,345</u>	<u>8,015</u>	<u>(17,330)</u>
<b>Expenditures:</b>				
Current:				
Support services-central:				
Salaries and wages . . . . .	-	358	358	-
Fringe benefits . . . . .	-	93	93	-
Purchased services . . . . .	963	6,630	6,630	-
Materials and supplies . . . . .	642	68	68	-
Capital outlay . . . . .	<u>729</u>	<u>3,200</u>	<u>3,200</u>	<u>-</u>
Total support services-central . . . . .	<u>2,334</u>	<u>10,349</u>	<u>10,349</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>2,334</u>	<u>10,349</u>	<u>10,349</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	(2,334)	14,996	(2,334)	(17,330)
<i>Fund balance at beginning of year</i> . . . . .	<u>2,334</u>	<u>2,334</u>	<u>2,334</u>	<u>-</u>
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ 17,330</u>	<u>\$ -</u>	<u>\$ (17,330)</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 8,000	\$ 8,000	\$ -
Total revenues . . . . .	-	8,000	8,000	-
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Salaries and wages . . . . .	-	6,876	6,876	-
Fringe benefits . . . . .	-	1,124	1,098	26
Total instruction-regular . . . . .	-	8,000	7,974	26
<i>Total expenditures . . . . .</i>	-	8,000	7,974	26
<i>Net change in fund balance . . . . .</i>	-	-	26	26
<i>Fund balance at beginning of year . . . . .</i>	-	-	-	-
<i>Prior year encumbrances appropriated . . . . .</i>	-	-	-	-
<i>Fund balance at end of year . . . . .</i>	\$ -	\$ -	\$ 26	\$ 26

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OHIO K-12 NETWORK CONNECTIVITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 12,000	\$ 12,000	\$ -
<i>Total revenues.</i> . . . .	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-central:				
Purchased services . . . . .	-	12,000	12,000	-
Total support services-central . . . . .	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	-	-	-	-
<i>Fund balance at beginning of year</i> . . . . .	-	-	-	-
<i>Fund balance at end of year.</i> . . . .	<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)  
ETECH PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 3,925	\$ 3,925	\$ -
<i>Total revenues.</i> . . . .	<u>-</u>	<u>3,925</u>	<u>3,925</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	845	-	-	-
Fringe benefits . . . . .	148	-	-	-
Purchased services . . . . .	268	1,461	1,461	-
Materials and supplies . . . . .	200	-	-	-
<i>Total instruction-regular.</i> . . . .	<u>1,461</u>	<u>1,461</u>	<u>1,461</u>	<u>-</u>
Support services-central				
Purchased services . . . . .	-	3,925	3,212	713
<i>Total support services-central</i> . . . . .	<u>-</u>	<u>3,925</u>	<u>3,212</u>	<u>713</u>
<i>Total expenditures</i> . . . . .	<u>1,461</u>	<u>5,386</u>	<u>4,673</u>	<u>713</u>
<i>Net change in fund balance</i> . . . . .	(1,461)	(1,461)	(748)	713
<i>Fund balance at beginning of year</i> . . . . .	<u>1,461</u>	<u>1,461</u>	<u>1,461</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713</u>	<u>\$ 713</u>

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MISCELLANEOUS STATE GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Materials and supplies . . . . .	\$ 59	\$ 59	\$ 59	\$ -
Total instruction-regular . . . . .	<u>59</u>	<u>59</u>	<u>59</u>	<u>-</u>
Total expenditures . . . . .	<u>59</u>	<u>59</u>	<u>59</u>	<u>-</u>
Net change in fund balance . . . . .	(59)	(59)	(59)	-
Fund balance at beginning of year . . . . .	<u>59</u>	<u>59</u>	<u>59</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)  
TITLE VI-B FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 561,534	\$ 561,534	\$ 465,122	\$ (96,412)
<i>Total revenues</i> . . . . .	<u>561,534</u>	<u>561,534</u>	<u>465,122</u>	<u>(96,412)</u>
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Salaries and wages . . . . .	38,800	40,600	20,844	19,756
Fringe benefits . . . . .	6,790	6,655	3,423	3,232
Purchased services . . . . .	7,633	4,598	3,206	1,392
Materials and supplies . . . . .	45,177	53,914	47,647	6,267
Capital outlay . . . . .	20,002	14,790	14,683	107
<i>Total instruction-special</i> . . . . .	<u>118,402</u>	<u>120,557</u>	<u>89,803</u>	<u>30,754</u>
Support services-pupil:				
Salaries and wages . . . . .	92,749	86,965	65,095	21,870
Fringe benefits . . . . .	23,374	21,221	15,460	5,761
Purchased services . . . . .	230,698	261,907	240,480	21,427
Materials and supplies . . . . .	16,277	14,465	12,939	1,526
Capital outlay . . . . .	5,003	3,900	3,921	(21)
<i>Total support services-pupil</i> . . . . .	<u>368,101</u>	<u>388,458</u>	<u>337,895</u>	<u>50,563</u>
Support services-instructional staff:				
Salaries and wages . . . . .	86,757	82,882	70,598	12,284
Fringe benefits . . . . .	31,682	16,596	14,023	2,573
Purchased services . . . . .	5,680	5,141	3,578	1,563
Materials and supplies . . . . .	3,103	1,693	799	894
<i>Total support services-instructional staff</i> . . . . .	<u>127,222</u>	<u>106,312</u>	<u>88,998</u>	<u>17,314</u>
Support services-administration:				
Purchased services . . . . .	3,100	2,827	2,283	544
Materials and supplies . . . . .	2,733	2,475	2,505	(30)
Capital outlay . . . . .	1,251	180	180	-
<i>Total support services-administration</i> . . . . .	<u>7,084</u>	<u>5,482</u>	<u>4,968</u>	<u>514</u>
Operation of non-instructional services				
Purchased services . . . . .	2,440	2,440	-	2,440
<i>Total operation of non-instructional services</i> . . . . .	<u>2,440</u>	<u>2,440</u>	<u>-</u>	<u>2,440</u>
<i>Total expenditures</i> . . . . .	<u>623,249</u>	<u>623,249</u>	<u>521,664</u>	<u>101,585</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>(61,715)</u>	<u>(61,715)</u>	<u>(56,542)</u>	<u>5,173</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	-	-	100,000	100,000
Advances out . . . . .	-	-	(28,200)	(28,200)
<i>Total other financing sources (uses)</i> . . . . .	<u>-</u>	<u>-</u>	<u>71,800</u>	<u>71,800</u>
<i>Net change in fund balance</i> . . . . .	<u>(61,715)</u>	<u>(61,715)</u>	<u>15,258</u>	<u>76,973</u>
<i>Fund balance at beginning of year</i> . . . . .	2	2	2	-
<i>Prior year encumbrances appropriated</i> . . . . .	61,713	61,713	61,713	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,973</u>	<u>\$ 76,973</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 24,076	\$ 23,481	\$ 1,264	\$ (22,217)
<i>Total revenues.</i> . . . .	<u>24,076</u>	<u>23,481</u>	<u>1,264</u>	<u>(22,217)</u>
<b>Expenditures:</b>				
Current:				
Instruction-special				
Salaries and wages . . . . .	20,074	6,877	-	6,877
Fringe benefits . . . . .	4,083	1,124	-	1,124
Purchased services . . . . .	400	643	643	-
Materials and supplies . . . . .	450	7,127	2,397	4,730
<i>Total instruction-special</i> . . . . .	<u>25,007</u>	<u>15,771</u>	<u>3,040</u>	<u>12,731</u>
Support services-pupil				
Purchased services . . . . .	1,900	-	-	-
<i>Total support services-pupil.</i> . . . .	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services-instructional staff:				
Purchased services . . . . .	-	5,770	357	5,413
Materials and supplies . . . . .	-	4,771	-	4,771
<i>Total support services-instructional staff.</i> . . . .	<u>-</u>	<u>10,541</u>	<u>357</u>	<u>10,184</u>
<i>Total expenditures</i> . . . . .	<u>26,907</u>	<u>26,312</u>	<u>3,397</u>	<u>22,915</u>
<i>Net change in fund balance</i> . . . . .	(2,831)	(2,831)	(2,133)	698
<i>Fund balance at beginning of year</i> . . . . .	<u>2,831</u>	<u>2,831</u>	<u>2,831</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698</u>	<u>\$ 698</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 196,382	\$ 190,488	\$ 164,102	\$ (26,386)
<i>Total revenues.</i> . . . .	<u>196,382</u>	<u>190,488</u>	<u>164,102</u>	<u>(26,386)</u>
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Salaries and wages . . . . .	130,643	127,384	108,922	18,462
Fringe benefits . . . . .	53,922	49,146	38,944	10,202
Purchased services . . . . .	17,935	11,192	6,500	4,692
Materials and supplies. . . . .	7,573	18,001	14,054	3,947
Capital outlay . . . . .	-	1,100	969	131
<i>Total instruction-special.</i> . . . .	<u>210,073</u>	<u>206,823</u>	<u>169,389</u>	<u>37,434</u>
Support services-pupil				
Salaries and wages . . . . .	1,620	-	-	-
Fringe benefits . . . . .	308	-	-	-
Purchased services . . . . .	17	-	-	-
Materials and supplies. . . . .	699	-	-	-
Capital outlay . . . . .	-	-	-	-
<i>Total support services-pupil.</i> . . . .	<u>2,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>212,717</u>	<u>206,823</u>	<u>169,389</u>	<u>37,434</u>
<i>Net change in fund balance</i> . . . . .	(16,335)	(16,335)	(5,287)	11,048
<i>Fund balance at beginning of year</i> . . . . .	<u>16,335</u>	<u>16,335</u>	<u>16,335</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,048</u>	<u>\$ 11,048</u>

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE V FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 14,169	\$ 14,169	\$ 11,291	\$ (2,878)
<i>Total revenues.</i> . . . .	<u>14,169</u>	<u>14,169</u>	<u>11,291</u>	<u>(2,878)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	5,120	3,000	363	2,637
Fringe benefits . . . . .	1,017	500	57	443
Materials and supplies. . . . .	700	-	-	-
<i>Total instruction-regular.</i> . . . .	<u>6,837</u>	<u>3,500</u>	<u>420</u>	<u>3,080</u>
Support services-pupil				
Purchased services . . . . .	4,725	6,125	4,479	1,646
Materials and supplies. . . . .	500	2,863	2,347	516
<i>Total support services-pupil.</i> . . . .	<u>5,225</u>	<u>8,988</u>	<u>6,826</u>	<u>2,162</u>
Operation of non-instructional services:				
Purchased services . . . . .	425	-	-	-
Materials and supplies. . . . .	1,734	1,733	1,544	189
<i>Total operation of non-instructional services.</i> . . . .	<u>2,159</u>	<u>1,733</u>	<u>1,544</u>	<u>189</u>
<i>Total expenditures</i> . . . . .	<u>14,221</u>	<u>14,221</u>	<u>8,790</u>	<u>5,431</u>
<i>Excess of revenues over (under) expenditures.</i> . . . .	<u>(52)</u>	<u>(52)</u>	<u>2,501</u>	<u>2,553</u>
<b>Other financing uses:</b>				
Advances out. . . . .	-	-	(2,200)	(2,200)
<i>Total other financing uses</i> . . . . .	<u>-</u>	<u>-</u>	<u>(2,200)</u>	<u>(2,200)</u>
<i>Net change in fund balance</i> . . . . .	<u>(52)</u>	<u>(52)</u>	<u>301</u>	<u>353</u>
<i>Fund balance at beginning of year</i> . . . . .	<u>52</u>	<u>52</u>	<u>52</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 353</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 10,572	\$ 10,572	\$ 10,278	\$ (294)
<i>Total revenues.</i> . . . .	<u>10,572</u>	<u>10,572</u>	<u>10,278</u>	<u>(294)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Purchased services . . . . .	7,632	-	-	-
Materials and supplies. . . . .	5,568	-	-	-
Total instruction-regular. . . . .	<u>13,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services-instructional staff				
Purchased services . . . . .	-	4,000	3,865	135
Materials and supplies. . . . .	-	7,200	7,313	(113)
Total support services-instructional staff . . . . .	<u>-</u>	<u>11,200</u>	<u>11,178</u>	<u>22</u>
Support services-administration				
Purchased services . . . . .	-	1,500	-	1,500
Materials and supplies. . . . .	-	500	500	-
Total support services-administration. . . . .	<u>-</u>	<u>2,000</u>	<u>500</u>	<u>1,500</u>
Operation of non-instructional services:				
Purchased services . . . . .	759	759	750	9
Total operation of non-instructional services . . . . .	<u>759</u>	<u>759</u>	<u>750</u>	<u>9</u>
<i>Total expenditures</i> . . . . .	<u>13,959</u>	<u>13,959</u>	<u>12,428</u>	<u>1,531</u>
<i>Net change in fund balance</i> . . . . .	(3,387)	(3,387)	(2,150)	1,237
<i>Fund balance at beginning of year</i> . . . . .	3,387	3,387	3,387	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,237</u>	<u>\$ 1,237</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 21,205	\$ 22,524	\$ 18,344	\$ (4,180)
<i>Total revenues.</i> . . . .	<u>21,205</u>	<u>22,524</u>	<u>18,344</u>	<u>(4,180)</u>
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Salaries and wages . . . . .	-	1,648	-	1,648
Fringe benefits . . . . .	7	270	-	270
Purchased services . . . . .	1,229	1,201	1,059	142
Materials and supplies. . . . .	12,325	11,635	10,591	1,044
Capital outlay . . . . .	<u>3,000</u>	<u>4,300</u>	<u>4,031</u>	<u>269</u>
Total instruction-special . . . . .	<u>16,561</u>	<u>19,054</u>	<u>15,681</u>	<u>3,373</u>
Support services-pupil:				
Purchased services . . . . .	4,000	4,000	2,940	1,060
Materials and supplies. . . . .	1,773	1,400	1,166	234
Capital outlay . . . . .	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support services-pupil. . . . .	<u>6,273</u>	<u>5,400</u>	<u>4,106</u>	<u>1,294</u>
Support services-instructional staff:				
Purchased services . . . . .	<u>601</u>	<u>300</u>	<u>135</u>	<u>165</u>
Total support services-instructional staff . . . . .	<u>601</u>	<u>300</u>	<u>135</u>	<u>165</u>
<i>Total expenditures</i> . . . . .	<u>23,435</u>	<u>24,754</u>	<u>19,922</u>	<u>4,832</u>
Excess of revenues over (under) expenditures . . . . .	<u>(2,230)</u>	<u>(2,230)</u>	<u>(1,578)</u>	<u>652</u>
<b>Other financing sources:</b>				
Advances in . . . . .	<u>-</u>	<u>-</u>	<u>4,100</u>	<u>4,100</u>
Total other financing sources. . . . .	<u>-</u>	<u>-</u>	<u>4,100</u>	<u>4,100</u>
<i>Net change in fund balance</i> . . . . .	(2,230)	(2,230)	2,522	4,752
<i>Fund balance at beginning of year</i> . . . . .	921	921	921	-
<i>Prior year encumbrances appropriated.</i> . . . .	<u>1,309</u>	<u>1,309</u>	<u>1,309</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,752</u>	<u>\$ 4,752</u>

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE II-A FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 76,833	\$ 75,061	\$ 65,411	\$ (9,650)
<i>Total revenues</i> . . . . .	<u>76,833</u>	<u>75,061</u>	<u>65,411</u>	<u>(9,650)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	54,082	54,122	44,345	9,777
Fringe benefits . . . . .	17,728	15,568	13,410	2,158
Purchased services . . . . .	<u>862</u>	<u>862</u>	<u>-</u>	<u>862</u>
Total instruction-regular . . . . .	<u>72,672</u>	<u>70,552</u>	<u>57,755</u>	<u>12,797</u>
Support services-pupil:				
Purchased services . . . . .	2,122	-	-	-
Materials and supplies . . . . .	<u>676</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support services-pupil . . . . .	<u>2,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services-instructional staff				
Purchased services . . . . .	-	1,000	-	1,000
Materials and supplies . . . . .	<u>-</u>	<u>2,146</u>	<u>1,062</u>	<u>1,084</u>
Total support services-instructional staff . . . . .	<u>-</u>	<u>3,146</u>	<u>1,062</u>	<u>2,084</u>
Operation of non-instructional services:				
Purchased services . . . . .	<u>1,473</u>	<u>1,473</u>	<u>1,473</u>	<u>-</u>
Total operation of non-instructional services . . . . .	<u>1,473</u>	<u>1,473</u>	<u>1,473</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>76,943</u>	<u>75,171</u>	<u>60,290</u>	<u>14,881</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>(110)</u>	<u>(110)</u>	<u>5,121</u>	<u>5,231</u>
<b>Other financing uses:</b>				
Advances out . . . . .	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
<i>Total other financing uses</i> . . . . .	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
<i>Net change in fund balance</i> . . . . .	<u>(110)</u>	<u>(110)</u>	<u>1,121</u>	<u>1,231</u>
<i>Fund balance at beginning of year</i> . . . . .	<u>110</u>	<u>110</u>	<u>110</u>	<u>-</u>
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,231</u>	<u>\$ 1,231</u>

**ORANGE CITY SCHOOL DISTRICT**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MISCELLANEOUS FEDERAL GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 2,994	\$ 2,929	\$ 2,929	\$ -
<i>Total revenues.</i> . . . .	<u>2,994</u>	<u>2,929</u>	<u>2,929</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-pupil				
Salaries and wages . . . . .	1,025	200	200	-
Fringe benefits . . . . .	182	33	33	-
Purchased services . . . . .	963	2,958	2,659	299
Materials and supplies. . . . .	1,485	905	905	-
Capital outlay . . . . .	<u>490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support services-pupil. . . . .	<u>4,145</u>	<u>4,096</u>	<u>3,797</u>	<u>299</u>
Operation of non-instructional services				
Materials and supplies. . . . .	<u>90</u>	<u>74</u>	<u>-</u>	<u>74</u>
Total operation of non-instructional services . . . . .	<u>90</u>	<u>74</u>	<u>-</u>	<u>74</u>
<i>Total expenditures</i> . . . . .	<u>4,235</u>	<u>4,170</u>	<u>3,797</u>	<u>373</u>
<i>Net change in fund balance</i> . . . . .	(1,241)	(1,241)	(868)	373
<i>Fund balance at beginning of year</i> . . . . .	<u>1,241</u>	<u>1,241</u>	<u>1,241</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ 373</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 41,200	\$ 41,200	\$ 59,555	\$ 18,355
Investment earnings . . . . .	3,000	3,000	6,668	3,668
Charges for services . . . . .	424,000	424,000	479,679	55,679
<i>Total revenues</i> . . . . .	<u>468,200</u>	<u>468,200</u>	<u>545,902</u>	<u>77,702</u>
<b>Expenditures:</b>				
Current:				
Food service operations:				
Salaries and wages . . . . .	218,500	218,500	218,995	(495)
Fringe benefits . . . . .	121,500	121,500	105,467	16,033
Purchased services . . . . .	1,500	1,500	-	1,500
Materials and supplies . . . . .	181,500	227,800	204,423	23,377
Capital outlay . . . . .	12,000	10,700	8,340	2,360
Total food service operations . . . . .	<u>535,000</u>	<u>580,000</u>	<u>537,225</u>	<u>42,775</u>
<i>Total expenditures</i> . . . . .	<u>535,000</u>	<u>580,000</u>	<u>537,225</u>	<u>42,775</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>(66,800)</u>	<u>(111,800)</u>	<u>8,677</u>	<u>120,477</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	85,000	85,000	-	(85,000)
<i>Total other financing sources</i> . . . . .	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>(85,000)</u>
<i>Net change in fund balance</i> . . . . .	18,200	(26,800)	8,677	35,477
<i>Fund balance at beginning of year</i> . . . . .	123,999	123,999	123,999	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ 142,199</u>	<u>\$ 97,199</u>	<u>\$ 132,676</u>	<u>\$ 35,477</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment earnings . . . . .	\$ 515	\$ 515	\$ 984	\$ 469
Miscellaneous. . . . .	2,000	2,000	3,509	1,509
<i>Total revenues.</i> . . . .	<u>2,515</u>	<u>2,515</u>	<u>4,493</u>	<u>1,978</u>
<b>Expenditures:</b>				
Current:				
Support services-instructional staff:				
Materials and supplies. . . . .	6,035	6,035	100	5,935
Capital outlay . . . . .	515	515	-	515
Total support services-instructional staff . . . . .	<u>6,550</u>	<u>6,550</u>	<u>100</u>	<u>6,450</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>
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>7,560</u>	<u>7,560</u>	<u>100</u>	<u>7,460</u>
<i>Net change in fund balance</i> . . . . .	(5,045)	(5,045)	4,393	9,438
<i>Fund balance at beginning of year</i> . . . . .	45,184	45,184	45,184	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 40,139</u>	<u>\$ 40,139</u>	<u>\$ 49,577</u>	<u>\$ 9,438</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Classroom materials and fees . . . . .	\$ 95,656	\$ 75,656	\$ 73,036	\$ (2,620)
<i>Total revenues</i> . . . . .	<u>95,656</u>	<u>75,656</u>	<u>73,036</u>	<u>(2,620)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Materials and supplies . . . . .	92,536	92,536	70,951	21,585
Total instruction-regular . . . . .	<u>92,536</u>	<u>92,536</u>	<u>70,951</u>	<u>21,585</u>
Instruction-vocational:				
Materials and supplies . . . . .	2,970	2,970	-	2,970
Total instruction-vocational . . . . .	<u>2,970</u>	<u>2,970</u>	<u>-</u>	<u>2,970</u>
<i>Total expenditures</i> . . . . .	<u>95,506</u>	<u>95,506</u>	<u>70,951</u>	<u>24,555</u>
<i>Net change in fund balance</i> . . . . .	150	(19,850)	2,085	21,935
<i>Fund balance at beginning of year</i> . . . . .	74,384	74,384	74,384	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ 74,534</u>	<u>\$ 54,534</u>	<u>\$ 76,469</u>	<u>\$ 21,935</u>

**ORANGE CITY SCHOOL DISTRICT  
COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS**

**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.

**ORANGE CITY SCHOOL DISTRICT**  
*COMBINING BALANCE SHEET*  
*NONMAJOR CAPITAL PROJECTS FUNDS*  
*JUNE 30, 2006*

	Building Improvement	Total Nonmajor Capital Projects Funds
<b>Assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 195,262	\$ 195,262
Accrued interest receivable. . . . .	1,400	1,400
	<u>196,662</u>	<u>196,662</u>
<i>Total assets.</i> . . . . .	<u>\$ 196,662</u>	<u>\$ 196,662</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Deferred revenue. . . . .	\$ 989	\$ 989
	<u>989</u>	<u>989</u>
<i>Total liabilities.</i> . . . . .	<u>989</u>	<u>989</u>
 <b>Fund Balances:</b>		
Unreserved, undesignated . . . . .	195,673	195,673
	<u>195,673</u>	<u>195,673</u>
<i>Total fund balances</i> . . . . .	<u>195,673</u>	<u>195,673</u>
<i>Total liabilities and fund balances.</i> . . . . .	<u>\$ 196,662</u>	<u>\$ 196,662</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, 2006*

	<u>Building Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>		
Investment earnings . . . . .	\$ 7,604	\$ 7,604
<i>Total revenue</i> . . . . .	<u>7,604</u>	<u>7,604</u>
<b>Expenditures:</b>		
Current:		
Facilities acquisition and construction . . .	42,132	42,132
<i>Total expenditures</i> . . . . .	<u>42,132</u>	<u>42,132</u>
<i>Net change in fund balances</i> . . . . .	(34,528)	(34,528)
<i>Fund balances at beginning of year</i> . . . . .	230,201	230,201
<i>Fund balances at end of year</i> . . . . .	<u>\$ 195,673</u>	<u>\$ 195,673</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Investment earnings. . . . .	\$ 3,500	\$ 3,500	\$ 8,331	\$ 4,831
<i>Total revenues.</i> . . . .	<u>3,500</u>	<u>3,500</u>	<u>8,331</u>	<u>4,831</u>
<b>Expenditures:</b>				
Current:				
Facilities acquisition and construction:				
Capital outlay . . . . .	175,339	175,339	46,030	129,309
Total facilities acquisition and construction. . . . .	<u>175,339</u>	<u>175,339</u>	<u>46,030</u>	<u>129,309</u>
<i>Total expenditures</i> . . . . .	<u>175,339</u>	<u>175,339</u>	<u>46,030</u>	<u>129,309</u>
<i>Net change in fund balance</i> . . . . .	(171,839)	(171,839)	(37,699)	134,140
<i>Fund balance at beginning of year</i> . . . . .	187,511	187,511	187,511	-
<i>Prior year encumbrances appropriated.</i> . . . .	<u>46,030</u>	<u>46,030</u>	<u>46,030</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . . .	<u>\$ 61,702</u>	<u>\$ 61,702</u>	<u>\$ 195,842</u>	<u>\$ 134,140</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**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOLARSHIP FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Contributions and donations . . . . .	\$ 1,000	\$ 1,000	\$ 1,405	\$ 405
<i>Total operating revenues . . . . .</i>	<u>1,000</u>	<u>1,000</u>	<u>1,405</u>	<u>405</u>
<b>Operating expenses:</b>				
Scholarships awarded . . . . .	3,600	3,600	2,500	1,100
<i>Total operating expenses . . . . .</i>	<u>3,600</u>	<u>3,600</u>	<u>2,500</u>	<u>1,100</u>
<i>Operating loss . . . . .</i>	<u>(2,600)</u>	<u>(2,600)</u>	<u>(1,095)</u>	<u>1,505</u>
<b>Nonoperating revenues:</b>				
Investment earnings . . . . .	1,850	1,850	3,054	1,204
<i>Total nonoperating revenues . . . . .</i>	<u>1,850</u>	<u>1,850</u>	<u>3,054</u>	<u>1,204</u>
<i>Net income before transfers . . . . .</i>	<u>(750)</u>	<u>(750)</u>	<u>1,959</u>	<u>2,709</u>
<b>Transfers:</b>				
Transfers in . . . . .	5,000	5,000	-	(5,000)
<i>Total transfers . . . . .</i>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<i>Net change in fund balance . . . . .</i>	4,250	4,250	1,959	(2,291)
<i>Fund equity at beginning of year . . . . .</i>	<u>76,187</u>	<u>76,187</u>	<u>76,187</u>	<u>-</u>
<i>Fund equity at end of year . . . . .</i>	<u>\$ 80,437</u>	<u>\$ 80,437</u>	<u>\$ 78,146</u>	<u>\$ (2,291)</u>

**ORANGE CITY SCHOOL DISTRICT**

*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

	<u>Beginning Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2006</u>
<b>District Agency</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	<u>\$ 1,841</u>	<u>\$ 82,568</u>	<u>\$ 80,380</u>	<u>\$ 4,029</u>
<b>Liabilities:</b>				
Undistributed monies. . . . .	<u>\$ 1,841</u>	<u>\$ 82,568</u>	<u>\$ 80,380</u>	<u>\$ 4,029</u>
 <b>Employee Benefits</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	<u>\$ 4,824</u>	<u>\$ 53,466</u>	<u>\$ 42,895</u>	<u>\$ 15,395</u>
<b>Liabilities:</b>				
Undistributed monies. . . . .	<u>\$ 4,824</u>	<u>\$ 53,466</u>	<u>\$ 42,895</u>	<u>\$ 15,395</u>
 <b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	<u>\$ 88,206</u>	<u>\$ 124,278</u>	<u>\$ 134,627</u>	<u>\$ 77,857</u>
<b>Liabilities:</b>				
Due to students . . . . .	<u>\$ 88,206</u>	<u>\$ 124,278</u>	<u>\$ 134,627</u>	<u>\$ 77,857</u>
 <b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	<u>\$ 94,871</u>	<u>\$ 260,312</u>	<u>\$ 257,902</u>	<u>\$ 97,281</u>
<b>Liabilities:</b>				
Undistributed monies. . . . .	<u>\$ 6,665</u>	<u>\$ 136,034</u>	<u>\$ 123,275</u>	<u>\$ 19,424</u>
Due to students . . . . .	<u>88,206</u>	<u>124,278</u>	<u>134,627</u>	<u>77,857</u>
<i>Total liabilities. . . . .</i>	<u>\$ 94,871</u>	<u>\$ 260,312</u>	<u>\$ 257,902</u>	<u>\$ 97,281</u>

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>112-121</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>122-128</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>129-132</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>133-134</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>135-142</b>

**Sources:** Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003 (1)</u>	<u>2002</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 14,173,058	\$ 13,879,066	\$ 8,994,910	\$ 12,602,070	\$ 11,202,586
Restricted	4,129,749	4,258,217	8,517,577	3,331,506	4,351,769
Unrestricted	<u>23,274,232</u>	<u>20,781,033</u>	<u>17,943,454</u>	<u>14,916,846</u>	<u>12,902,453</u>
Total governmental activities net assets	<u>\$ 41,577,039</u>	<u>\$ 38,918,316</u>	<u>\$ 35,455,941</u>	<u>\$ 30,850,422</u>	<u>\$ 28,456,808</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 2,390,490	\$ 2,502,295	\$ 2,598,355	\$ 2,615,782	\$ 1,892,421
Unrestricted	<u>3,581,815</u>	<u>2,624,723</u>	<u>2,923,313</u>	<u>2,771,335</u>	<u>3,260,963</u>
Total business-type activities net assets	<u>\$ 5,972,305</u>	<u>\$ 5,127,018</u>	<u>\$ 5,521,668</u>	<u>\$ 5,387,117</u>	<u>\$ 5,153,384</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 16,563,548	\$ 16,381,361	\$ 11,593,265	\$ 15,217,852	\$ 13,095,007
Restricted	4,129,749	4,258,217	8,517,577	3,331,506	4,351,769
Unrestricted	<u>26,856,047</u>	<u>23,405,756</u>	<u>20,866,767</u>	<u>17,688,181</u>	<u>16,163,416</u>
Total primary government net assets	<u>\$ 47,549,344</u>	<u>\$ 44,045,334</u>	<u>\$ 40,977,609</u>	<u>\$ 36,237,539</u>	<u>\$ 33,610,192</u>

**Source:** School District financial records.

(1) Amounts have been restated from those reported in the original CAFR to reflect changes in accounting principle and/or prior period adjustments.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003 (1)</u>	<u>2002</u>
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular	\$ 17,066,373	\$ 16,379,861	\$ 16,320,163	\$ 14,545,778	\$ 14,568,032
Special	6,310,151	6,202,166	5,028,484	6,017,671	6,402,994
Vocational	296,866	253,802	280,092	241,796	230,331
Other instructional	-	-	23,649	11,775	-
Support services:					
Pupil	2,799,441	2,648,841	2,734,653	2,210,058	2,179,425
Instructional staff	2,864,820	2,681,775	3,081,414	1,480,216	1,460,404
Board of education	181,753	163,202	141,777	89,482	55,562
Administration	2,827,023	2,603,395	2,606,354	2,291,678	2,398,794
Fiscal	1,129,981	1,115,331	1,053,898	1,032,334	1,024,004
Business	545,223	443,553	432,204	396,839	385,116
Operations and maintenance	5,318,201	4,441,976	3,386,491	4,213,242	3,763,576
Pupil transportation	3,228,108	3,029,567	3,162,885	3,028,156	2,733,130
Central	1,223,883	924,539	938,416	1,073,794	721,406
Operation of non-instructional services:					
Food service operations	569,200	633,098	592,915	589,708	484,331
Other non-instructional services	16,871	23,129	20,045	39,822	243,162
Extracurricular activities	1,683,450	1,469,294	1,385,763	1,464,133	1,360,754
Intergovernmental pass-through	394,972	380,069	356,394	423,977	-
Interest and fiscal charges	1,401,244	1,452,048	1,335,954	1,640,230	1,435,275
Total governmental activities expenses	<u>47,857,560</u>	<u>44,845,646</u>	<u>42,881,551</u>	<u>40,790,689</u>	<u>39,446,296</u>
Business-type activities:					
Recreation	<u>2,236,723</u>	<u>2,311,856</u>	<u>2,254,392</u>	<u>2,017,600</u>	<u>1,785,160</u>
Total business-type activities expenses	<u>2,236,723</u>	<u>2,311,856</u>	<u>2,254,392</u>	<u>2,017,600</u>	<u>1,785,160</u>
Total primary government expenses	<u>\$ 50,094,283</u>	<u>\$ 47,157,502</u>	<u>\$ 45,135,943</u>	<u>\$ 42,808,289</u>	<u>\$ 41,231,456</u>

- - Continued

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET ASSETS (CONTINUED)  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

<b>Program Revenues</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003 (1)</b>	<b>2002</b>
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 3,477,083	\$ 1,856,569	\$ 2,321,244	\$ 4,444,894	\$ 4,604,407
Special	4,823	3,773	2,041	2,199	-
Support services:					
Pupil	41,945	44,702	30,646	37,704	-
Instructional staff	419	2,425	5,901	874	-
Operations and maintenance	4,750	6,692	7,441	8,243	-
Pupil transportation	10,391	19,416	3,888	-	-
Operation of non-instructional services:					
Food service operations	480,615	441,373	443,993	435,523	399,190
Extracurricular activities	337,025	171,189	211,134	350,672	186,142
Operating grants and contributions:					
Instruction:					
Regular	84,881	93,586	159,018	108,626	102,730
Special	281,127	284,739	273,719	231,316	162,309
Vocational	227	-	-	-	401
Support services:					
Pupil	308,004	310,124	199,665	127,166	104,197
Instructional staff	114,446	70,685	44,868	28,408	18,161
Administration	11,788	6,688	13,765	5,361	9,736
Operations and maintenance	-	2,315	1,575	4,211	4,558
Central	22,713	19,613	20,813	19,074	8,779
Operation of non-instructional services:					
Food service operations	61,784	67,179	74,061	67,633	54,714
Other non-instructional services	3,438	7,896	4,446	13,464	266,490
Extracurricular activities	25,967	10,223	1,162	-	837
Intergovernmental pass-through	399,230	381,847	361,031	394,215	-
Capital grants and contributions:					
Support services:					
Operations and maintenance	11,211	43,794	59,445	104,583	-
Pupil transportation	-	-	-	-	27,880
Central	-	18,270	-	-	-
Total governmental program revenues	<u>5,681,867</u>	<u>3,863,098</u>	<u>4,239,856</u>	<u>6,384,166</u>	<u>5,950,531</u>
Business-type activities:					
Charges for services:					
Recreation	1,459,405	1,453,400	1,463,320	1,365,066	1,184,354
Operating grants and contributions	106,552	138,219	185,204	87,731	151,672
Capital grants and contributions	-	11,000	-	-	-
Total business-type activities program revenues	<u>1,565,957</u>	<u>1,602,619</u>	<u>1,648,524</u>	<u>1,452,797</u>	<u>1,336,026</u>
Total primary government program revenue	<u>\$ 7,247,824</u>	<u>\$ 5,465,717</u>	<u>\$ 5,888,380</u>	<u>\$ 7,836,963</u>	<u>\$ 7,286,557</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(42,175,693)	(40,982,548)	(38,641,695)	(34,406,523)	(33,495,765)
Business-type activities	(670,766)	(709,237)	(605,868)	(564,803)	(449,134)
Total primary government net expense	<u>\$ (42,846,459)</u>	<u>\$ (41,691,785)</u>	<u>\$ (39,247,563)</u>	<u>\$ (34,971,326)</u>	<u>\$ (33,944,899)</u>

- - Continued

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET ASSETS (CONTINUED)  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

**General Revenues and Other**

<b>Changes in Net Assets</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003 (1)</b>	<b>2002</b>
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 34,123,527	\$ 34,448,820	\$ 33,236,580	\$ 27,843,273	\$ 35,669,489
Debt service	1,986,733	2,021,985	2,330,475	2,458,241	3,058,132
Capital projects	769,922	775,449	631,737	-	-
Grants and entitlements not restricted to specific programs	6,748,771	6,581,853	6,377,995	5,975,363	5,717,812
Investment earnings	1,196,647	575,766	268,877	440,002	543,836
Gain on sale of capital assets	-	-	2,124	-	-
Miscellaneous	8,816	46,550	139,337	83,258	78,756
Transfers	-	(5,500)	-	-	-
Extraordinary item	-	-	260,089	-	-
Total governmental activities	<u>44,834,416</u>	<u>44,444,923</u>	<u>43,247,214</u>	<u>36,800,137</u>	<u>45,068,025</u>
Business-type activities:					
Property taxes levied for:					
Recreation	1,362,258	230,367	679,573	660,894	651,353
Investment earnings	120,835	65,348	26,811	61,914	53,226
Miscellaneous	32,960	13,372	34,035	75,728	44,846
Transfers	-	5,500	-	-	-
Total business-type activities	<u>1,516,053</u>	<u>314,587</u>	<u>740,419</u>	<u>798,536</u>	<u>749,425</u>
Total primary government	<u>\$ 46,350,469</u>	<u>\$ 44,759,510</u>	<u>\$ 43,987,633</u>	<u>\$ 37,598,673</u>	<u>\$ 45,817,450</u>
<b>Change in Net Assets</b>					
Governmental activities	2,658,723	3,462,375	4,605,519	2,393,614	11,572,260
Business-type activities	845,287	(394,650)	134,551	233,733	300,291
Total primary government	<u>\$ 3,504,010</u>	<u>\$ 3,067,725</u>	<u>\$ 4,740,070</u>	<u>\$ 2,627,347</u>	<u>\$ 11,872,551</u>

**Source:** School District financial records.

(1) Amounts have been restated from those reported in the original CAFR to reflect changes in accounting principle and/or prior period adjustments.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>
General Fund:				
Reserved	\$ 4,419,363	\$ 6,405,735	\$ 5,807,656	\$ 3,572,549
Unreserved	19,852,597	15,513,098	12,520,841	10,884,948
Total general fund	<u>24,271,960</u>	<u>21,918,833</u>	<u>18,328,497</u>	<u>14,457,497</u>
All Other Governmental Funds:				
Reserved	3,386,156	1,622,627	6,179,105	1,852,442
Unreserved, reported in:				
Special revenue funds	496,295	447,072	438,804	331,835
Capital projects funds	85,739	2,147,760	2,154,219	1,631,938
Debt service funds	-	-	-	-
Total all other governmental funds	<u>3,968,190</u>	<u>4,217,459</u>	<u>8,772,128</u>	<u>3,816,215</u>
Total governmental funds	<u>\$ 28,240,150</u>	<u>\$ 26,136,292</u>	<u>\$ 27,100,625</u>	<u>\$ 18,273,712</u>

**Source:** School District financial records.

(1) Amounts have been restated from those reported in the original CAFR to reflect changes in accounting principle and/or prior period adjustments.

<u>2002</u>	<u>2001 (1)</u>	<u>2000 (1)</u>	<u>1999 (1)</u>	<u>1998</u>	<u>1997</u>
\$ 6,020,900	\$ 1,633,278	\$ 2,231,112	\$ 4,972,852	\$ 2,423,210	\$ 2,065,206
6,751,616	408,133	593,329	3,442,362	4,761,846	2,802,887
<u>12,772,516</u>	<u>2,041,411</u>	<u>2,824,441</u>	<u>8,415,214</u>	<u>7,185,056</u>	<u>4,868,093</u>
1,054,245	6,208,912	19,000,943	5,218,414	591,460	462,185
511,081	377,758	289,786	199,086	180,956	229,278
2,009,277	2,361,494	9,683,657	30,352,833	(3,259,170)	(2,594,461)
<u>1,179,003</u>	<u>1,172,264</u>	<u>1,555,512</u>	<u>1,452,218</u>	<u>502,779</u>	<u>483,454</u>
<u>4,753,606</u>	<u>10,120,428</u>	<u>30,529,898</u>	<u>37,222,551</u>	<u>(1,983,975)</u>	<u>(1,419,544)</u>
<u>\$ 17,526,122</u>	<u>\$ 12,161,839</u>	<u>\$ 33,354,339</u>	<u>\$ 45,637,765</u>	<u>\$ 5,201,081</u>	<u>\$ 3,448,549</u>

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>
<b>Revenues</b>				
From local sources:				
Taxes	\$ 36,917,405	\$ 36,671,073	\$ 35,808,052	\$ 30,096,717
Tuition	3,004,688	2,476,688	3,474,021	4,043,241
Charges for services	480,615	441,373	443,993	557,859
Earnings on investments	1,031,383	575,766	259,712	440,002
Extracurricular	378,972	217,569	244,742	391,449
Classroom materials and fees	84,173	91,794	85,328	-
Contributions and donations	-	-	-	68,421
Rentals	4,750	6,692	7,441	8,243
Other local revenues	86,873	148,003	226,701	193,724
Intergovernmental - State	8,007,852	7,849,318	7,528,082	6,961,005
Intergovernmental - Federal	-	-	-	-
Total revenues	<u>49,996,711</u>	<u>48,478,276</u>	<u>48,078,072</u>	<u>42,760,661</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	16,173,320	15,563,319	15,953,841	14,077,659
Special	6,157,219	6,033,382	5,088,254	5,860,971
Vocational	276,743	231,760	254,318	218,558
Other	-	314,102	23,649	11,775
Current:				
Pupil	2,721,090	2,604,010	2,608,696	2,133,191
Instructional staff	2,780,562	2,650,240	2,890,736	1,430,186
Board of education	181,589	163,202	141,777	90,263
Administration	2,754,691	2,541,739	2,502,782	2,212,003
Fiscal	1,107,658	1,114,715	1,045,621	1,028,462
Business	509,897	418,029	398,249	375,221
Operations and maintenance	4,563,040	3,938,245	3,154,984	3,993,961
Pupil transportation	3,286,647	3,072,781	2,930,094	2,863,664
Central	1,154,066	854,049	876,060	986,330
Operation of non-instructional services:				
Food service operations	527,599	589,150	519,613	496,404
Other non-instructional services	7,619	12,737	14,437	30,782
Extracurricular activities	1,589,738	1,376,799	1,293,867	1,408,265
Intergovernmental pass-through	381,980	407,017	339,705	421,377
Facilities acquisitions and construction	1,632,519	573,202	1,056,117	1,304,673
Capital outlay	-	-	-	169,374
Debt service:				
Principal retirement	799,104	5,568,582	6,241,002	6,816,475
Interest and fiscal charges	1,287,772	1,415,766	1,295,340	1,405,032
Bond issuance costs	-	-	95,695	-
Total expenditures	<u>47,892,853</u>	<u>49,442,826</u>	<u>48,724,837</u>	<u>47,334,626</u>
Excess of revenues over (under) expenditures	2,103,858	(964,550)	(646,765)	(4,573,965)

	<b>2002</b>	<b>2001 (1)</b>	<b>2000 (1)</b>	<b>1999 (1)</b>	<b>1998</b>	<b>1997</b>
\$	37,947,949	\$ 28,201,938	\$ 24,309,358	\$ 24,675,632	\$ 22,571,130	\$ 22,070,328
	4,362,668	1,224,851	919,285	954,258	1,385,119	3,018,351
	576,898	35,431	26,851	39,459	40,649	27,398
	543,836	1,928,964	2,706,402	1,243,485	503,422	397,443
	186,142	162,405	363,850	156,101	152,260	224,445
	-	-	-	-	-	-
	2,000	21,064	338,199	136,770	25,869	119,309
	64,031	24,983	25,311	27,822	31,382	31,857
	78,756	165,001	37,197	21,018	173,269	16,221
	6,559,647	5,633,637	4,940,474	6,105,356	4,795,933	5,482,029
	-	-	-	-	-	-
	<u>50,321,927</u>	<u>37,398,274</u>	<u>33,666,927</u>	<u>33,359,901</u>	<u>29,679,033</u>	<u>31,387,381</u>
	13,447,944	12,625,478	12,442,821	11,872,111	10,874,248	10,875,283
	6,065,966	5,464,607	4,560,383	4,010,123	3,184,939	3,601,751
	202,804	232,294	213,375	82,633	462,098	80,765
	-	-	-	-	-	-
	2,050,681	1,888,665	1,930,600	1,804,779	1,629,421	1,542,439
	1,277,163	1,382,454	1,286,815	1,253,588	1,240,577	1,149,067
	55,528	62,624	69,623	82,571	77,567	108,889
	2,192,317	2,091,286	1,846,554	1,932,245	1,711,933	1,625,810
	1,001,996	863,583	760,422	701,767	727,401	701,223
	371,377	380,977	404,954	412,272	90,817	133,483
	3,558,199	3,424,856	3,066,533	2,957,963	3,057,897	2,826,846
	2,648,412	2,516,022	2,193,991	2,143,592	1,946,960	1,955,948
	625,026	485,845	547,736	728,006	746,713	570,009
	395,688	-	-	-	-	-
	243,543	291,444	257,264	252,887	227,235	235,663
	1,239,596	1,024,709	1,287,229	960,062	902,521	922,188
	-	-	-	-	-	-
	-	-	-	-	-	-
	6,533,745	22,877,238	10,125,065	1,758,291	977,160	2,769,613
	7,243,277	7,879,533	10,275,789	8,847	24,812	37,184
	1,554,382	1,528,572	1,659,463	923,992	123,432	120,095
	-	-	-	-	-	-
	<u>50,707,644</u>	<u>65,020,187</u>	<u>52,928,617</u>	<u>31,885,729</u>	<u>28,005,731</u>	<u>29,256,256</u>
	(385,717)	(27,621,913)	(19,261,690)	1,474,172	1,673,302	2,131,125

- - Continued

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	268,370	156,000	764,000	734,000
Transfers (out)	(268,370)	(156,000)	(764,000)	(734,000)
Refund of prior year expenditure	-	-	-	-
Sale of assets	-	217	2,124	2,181
Capital lease transaction	-	-	-	169,374
Premium on bonds	-	-	202,302	-
Accrued interest on bonds	-	-	9,165	-
Issuance of bonds	-	-	4,499,998	-
Issuance of notes	-	-	4,500,000	5,150,000
Total other financing sources (uses)	<u>-</u>	<u>217</u>	<u>9,213,589</u>	<u>5,321,555</u>
Change in Inventory Reserve	-	-	-	-
<b>Extraordinary item</b>				
Reimbursement for storm damage	-	-	260,089	-
Net change in fund balances	<u>\$ 2,103,858</u>	<u>\$ (964,333)</u>	<u>\$ 8,826,913</u>	<u>\$ 747,590</u>
Debt service as a percentage of total expenditures	4.36%	14.13%	15.66%	17.37%

**Source:** School District financial records.

(1) Amounts have been restated from those reported in the original CAFR to reflect changes in accounting principle and/or prior period adjustments.

<u>2002</u>	<u>2001 (1)</u>	<u>2000 (1)</u>	<u>1999 (1)</u>	<u>1998</u>	<u>1997</u>
515,000	1,171,037	4,234,358	1,032,308	525,000	487,311
(515,000)	(1,171,037)	(4,252,358)	(1,038,824)	(505,000)	(487,311)
-	-	-	-	-	-
-	-	150	756	47	102
-	188,536	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	29,570,390	-	-
<u>5,750,000</u>	<u>6,250,000</u>	<u>7,000,000</u>	<u>9,405,631</u>	<u>-</u>	<u>-</u>
<u>5,750,000</u>	<u>6,438,536</u>	<u>6,982,150</u>	<u>38,970,261</u>	<u>20,047</u>	<u>102</u>
-	(9,123)	(3,886)	(7,749)	59,183	16,740
-	-	-	-	-	-
<u>\$ 5,364,283</u>	<u>\$ (21,192,500)</u>	<u>\$ (12,283,426)</u>	<u>\$ 40,436,684</u>	<u>\$ 1,752,532</u>	<u>\$ 2,147,967</u>
17.35%	14.47%	22.55%	2.93%	0.53%	0.54%

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

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

Collection Year	Real Property (1)		Tangible Personal Property (2)		Public Utility (3)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2006	\$ 921,968,860	\$ 2,634,196,743	\$ 38,351,782	\$ 166,746,878	\$ 9,984,050	\$ 11,345,511
2005	916,393,060	2,618,265,886	37,692,694	163,881,278	12,473,120	14,174,000
2004	904,032,290	2,618,254,600	35,735,048	155,369,774	10,764,920	12,232,864
2003	846,280,460	2,417,944,171	40,705,019	169,604,245	10,255,830	14,274,204
2002	827,980,640	2,365,658,971	43,236,393	172,945,572	8,213,920	9,334,000
2001	806,821,810	2,305,205,171	37,696,353	150,785,412	18,440,740	20,955,386
2000	705,439,830	2,015,542,371	40,664,220	162,656,880	16,126,190	18,325,216
1999	693,224,950	1,980,642,714	36,949,137	147,796,548	17,498,780	19,884,977
1998	686,445,870	1,961,273,914	37,333,996	149,335,984	17,227,850	19,577,102
1997	644,072,040	1,840,205,829	37,205,019	148,820,076	17,744,040	20,163,682

**Source:** Cuyahoga County Auditor's Office

- (1) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (2) Tangible personal property is assessed at various percentages of actual value.
- (3) Public utility personal property is assessed at various percentages of actual value.

**Total**

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<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>
\$ 970,304,692	\$ 2,812,289,132	34.50%
966,558,874	2,796,321,164	34.57%
950,532,258	2,785,857,238	34.12%
897,241,309	2,601,822,620	34.49%
879,430,953	2,547,938,543	34.52%
862,958,903	2,476,945,970	34.84%
762,230,240	2,196,524,467	34.70%
747,672,867	2,148,324,240	34.80%
741,007,716	2,130,187,001	34.79%
699,021,099	2,009,189,586	34.79%

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(RATE PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS

Tax Year/ Collection	Overlapping Rates			Direct Rates					
	County	City	Library	Voted				Unvoted	Total
				General	Bond	Permanent Improvement	Recreation		
Year									
2005/2006	\$ 18.30	\$9.50	\$ 2.00	\$ 76.55	\$2.40	\$ 1.00	\$ 0.95	\$ 5.20	\$ 86.10
2004/2005	18.30	7.10	2.00	76.55	2.40	1.00	0.95	5.20	86.10
2003/2004	16.50	7.20	1.40	71.55	2.40	1.00	0.95	5.20	81.10
2002/2003	16.20	7.30	1.40	71.55	3.40	-	0.95	5.20	81.10
2001/2002	16.20	7.60	1.40	71.55	3.40	-	0.95	5.20	81.10
2000/2001	16.20	7.60	1.40	71.55	3.40	-	0.95	5.20	81.10
1999/2000	15.30	7.60	1.40	62.05	3.30	-	0.95	5.20	71.50
1998/1999	15.30	7.30	1.40	62.05	3.30	-	0.95	5.20	71.50
1997/1998	16.60	6.90	1.40	62.05	-	-	0.95	5.20	68.20
1996/1997	16.60	6.50	1.40	62.05	-	-	0.90	5.20	68.15

Source: Cuyahoga County Auditor's Office

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
REAL ESTATE TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1996

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Real Estate Assessed Value</b>
Chagrin Retail L.L.C	\$ 17,160,960	1	1.86%
HRP NOM L.P.	7,678,940	2	0.83%
Village Chagrin Partners	5,949,410	3	0.65%
Lowe's Home Center, Inc.	4,765,330	4	0.52%
Duke Realty Ohio	4,406,850	5	0.48%
AM Castle Company	3,933,450	6	0.43%
Lander Circle Company	3,327,050	7	0.36%
Olympic Steel	3,005,840	8	0.33%
Park Synagogue	2,813,300	9	0.31%
Beechmont, Inc.	2,800,400	10	0.30%
Total	<u>\$ 55,841,530</u>		<u>\$ 921,968,860</u>

<b>December 31, 1996</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Real Estate Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 11,272,450	1	1.75%
Eton Square	5,445,650	2	0.85%
AM Castle and Company	3,876,500	3	0.60%
Ameritech	3,240,210	4	0.50%
Olympic Steel, Inc.	3,068,500	5	0.48%
Duke Realty Ltd. Partnership	2,625,000	6	0.41%
Pepper Pike Place	2,449,300	7	0.38%
PREEF Mid-American Fund	1,944,300	8	0.30%
American Spring Wire Corporation	1,948,140	9	0.30%
Country Club, Inc.	1,860,470	10	0.29%
Total	<u>\$ 37,730,520</u>		<u>644,072,040</u>

**Source:** Cuyahoga County Auditor's Office

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1996

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Tangible Assessed Value</b>
AM Castle and Company	\$ 4,735,820	1	12.35%
American Spring Wire Corporation	3,934,600	2	10.26%
Olympic Steel, Inc.	3,289,450	3	8.58%
Sherwin Williams Company	3,115,310	4	8.12%
Lowes Homes Centers, Inc.	1,244,080	5	3.24%
Alson Jewelers, Inc.	813,670	6	2.12%
Southern Electric Supply Company, Inc.	744,370	7	1.94%
Cleveland Coca-Cola	680,520	8	1.77%
Formtek Cleveland, Inc.	650,995	9	1.70%
USB Corporation	556,130	10	1.45%
<b>Total</b>	<b>\$ 19,764,945</b>		<b>\$ 38,351,782</b>

<b>December 31, 1996</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Tangible Assessed Value</b>
Olympic Steel, Inc.	\$ 7,529,190	1	20.24%
AM Castle and Company	6,251,940	2	16.80%
American Spring Wire Corporation	3,372,040	3	9.06%
Health O Meter, Inc.	3,049,010	4	8.20%
Southern Supply Company, Inc.	1,041,660	5	2.80%
Forest City Babin Company	1,037,530	6	2.79%
Tube Form, Inc.	701,650	7	1.89%
North Coast Distributing, Inc.	690,690	8	1.86%
Cleveland Coca-Cola Bottling Company	618,106	9	1.66%
<b>Total</b>	<b>\$ 24,291,816</b>		<b>37,205,019</b>

**Source:** Cuyahoga County Auditor's Office

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
PUBLIC UTILITIES TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1997

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Public Utility Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 5,206,900	1	52.15%
Ohio Bell Telephone Company	1,524,430	2	15.27%
East Ohio Gas	712,090	3	7.13%
American Transmission	589,410	4	5.90%
New Cingular Wireless PCS LLC	464,660	5	4.65%
New Par	461,340	6	4.62%
<b>Total</b>	<b>\$ 8,958,830</b>		<b>\$ 9,984,050</b>

<b>December 31, 1997 (1)</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Public Utility Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 10,877,050	1	63.14%
Ohio Bell Telephone Company	3,097,950	2	17.98%
East Ohio Gas of Ohio, Inc.	1,089,510	3	6.32%
<b>Total</b>	<b>\$ 15,064,510</b>		<b>17,227,850</b>

**Source:** Cuyahoga County Auditor's Office

(1) Information for December 31, 2006 was not available.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

<b>Tax Year/ Collection Year</b>	<b>Total Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>	<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>	<b>Outstanding Delinquent Taxes (1)</b>	<b>Total Delinquent Taxes As a Percent of Total Levy</b>
2005/2006	\$ 41,499,416	\$ 39,341,393	94.80%	\$ 1,373,393	\$ 40,714,786	98.11%	\$ 1,987,957	4.79%
2004/2005	41,103,795	37,140,146	90.36%	1,215,109	38,355,255	93.31%	2,480,347	6.03%
2003/2004	36,471,190	34,338,004	94.15%	1,197,127	35,535,131	97.43%	2,553,822	7.00%
2002/2003	36,294,519	32,885,998	90.61%	1,108,311	33,994,309	93.66%	1,899,567	5.23%
2001/2002	35,605,453	33,218,805	93.30%	704,915	33,923,720	95.28%	1,702,658	4.78%
2000/2001	27,016,336	25,376,719	93.93%	580,080	25,956,799	96.08%	1,023,409	3.79%
1999/2000	26,777,748	25,235,400	94.24%	645,573	25,880,973	96.65%	848,328	3.17%
1998/1999	24,022,082	22,602,658	94.09%	391,457	22,994,115	95.72%	654,088	2.72%
1997/1998	23,508,098	22,422,117	95.38%	294,978	22,717,095	96.64%	619,866	2.64%
1996/1997	23,000,683	22,263,294	96.79%	186,333	22,449,627	97.60%	465,616	2.02%

**Source:** Cuyahoga County Auditor's Office

(1) 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.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities		(1) Total Primary Government	(2) Per Capita	(2) Per Enrollment
	General Obligation Bonds	General Obligation Notes	Capital Leases	Capital Leases				
2006	\$ 28,216,092	\$ -	\$ 31,536	\$ -	\$ 28,247,628	\$ 2,039	\$ 12,000	
2005	28,866,304	-	60,640	-	28,926,944	2,088	12,268	
2004	29,785,978	4,500,000	99,222	-	34,385,200	2,482	14,381	
2003	26,190,212	5,150,000	195,224	-	31,535,436	2,276	13,385	
2002	26,843,221	5,750,000	137,325	-	32,730,546	2,362	13,747	
2001	27,763,221	6,250,000	174,003	-	34,187,224	2,468	15,235	
2000	28,628,221	7,000,000	-	-	35,628,221	2,551	15,828	
1999	29,500,000	39,247,000	4,010	-	68,751,010	4,922	30,502	
1998	-	3,102,000	12,857	16,760	3,131,617	224	1,384	
1997	-	4,923,000	37,669	80,357	5,041,026	361	2,187	

**Sources:** School District Financial Records

(1) See notes to the financial statements regarding the District's outstanding debt information.

(2) See schedule " Demographic and Economic Statistic, Last Ten Years" for population and enrollment information.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total (1)		
2006	\$ 28,216,092	\$ 28,216,092	1.00%	\$ 2,037
2005	28,866,304	28,866,304	1.03%	2,083
2004	29,785,978	29,785,978	1.07%	2,150
2003	26,190,212	26,190,212	1.01%	1,890
2002	26,843,221	26,843,221	1.05%	1,937
2001	27,763,221	27,763,221	1.12%	2,004
2000	28,628,221	28,628,221	1.30%	2,050
1999	29,500,000	29,500,000	1.37%	2,112
1998	-	-	0.00%	-
1997	-	-	0.00%	-

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) See notes to the financial statements regarding the District's outstanding debt information.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Orange City School District	\$ 28,866,304	100.00%	\$ 28,866,304
Overlapping debt:			
Cuyahoga County	231,365,971	3.17%	7,325,440
Regional Transit Authority	139,790,000	3.17%	4,425,989
Village of Orange	5,762,000	16.92%	975,201
City of Bedford Heights	6,853,000	5.75%	394,382
Village of Moreland Hills	1,290,000	19.24%	248,171
City of Pepper Pike	9,065,681	37.23%	3,375,107
City of Warrensville Heights	15,540,000	0.95%	148,132
City of Solon	23,170,000	2.62%	606,247
Village of Woodmere	1,565,000	5.65%	88,468
Village of Hunting Valley	<u>4,750,000</u>	11.63%	<u>552,437</u>
Total direct and overlapping debt	<u>\$ 468,017,956</u>		<u>\$ 47,005,878</u>

**Source:** Cuyahoga County Auditor's Office

**Note:** Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 2005 collection year.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit</b>	<b>Debt Service Available Balance</b>	<b>Net Debt Applicable to Limit</b>	<b>Voted Legal Debt Margin</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2006 (1)	\$ 83,563,393	\$ 28,216,092	\$ 1,455,700	\$ 26,760,392	\$ 56,803,001	32.02%
2005	86,990,299	28,866,304	1,249,761	27,616,543	59,373,756	31.75%
2004	85,547,903	29,785,978	5,878,620	23,907,358	61,640,545	27.95%
2003	80,751,718	26,190,212	1,511,217	24,678,995	56,072,723	30.56%
2002	79,148,786	26,843,221	1,644,340	25,198,881	53,949,905	31.84%
2001	77,666,301	27,763,221	1,251,227	26,511,994	51,154,307	34.14%
2000	68,600,722	28,628,221	1,703,053	26,925,168	41,675,554	39.25%
1999	67,290,558	29,500,000	1,723,862	27,776,138	39,514,420	41.28%
1998	66,690,694	-	502,779	-	66,690,694	0.00%
1997	62,911,899	-	483,454	-	62,911,899	0.00%

**Source:** Cuyahoga County Auditor and School District financial records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.

(1) While the District's total assessed valuation for collection year 2006 is \$970,604,692, the tax valuation used for determining its current direct debt limitation in collection year 2006 is \$928,482,140 based upon information concerning tangible personal property tax valuation.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates (4)</u>		
					<u>Cuyahoga County</u>	<u>Ohio</u>	<u>United States</u>
2006	13,855	\$ 187,047	41.5	2,354	5.4%	5.2%	4.8%
2005	13,855	187,047	41.5	2,358	6.5%	6.1%	5.2%
2004	13,855	187,047	41.5	2,391	6.8%	6.4%	5.8%
2003	13,855	187,047	41.5	2,356	7.2%	6.8%	6.5%
2002	13,855	187,047	41.5	2,381	6.1%	6.0%	6.0%
2001	13,855	187,047	41.5	2,244	4.7%	4.4%	4.7%
2000	13,968	(2)	(2)	2,251	4.5%	4.2%	4.1%
1999	13,968	(2)	(2)	2,254	4.9%	4.5%	4.5%
1998	13,968	(2)	(2)	2,263	4.7%	4.4%	4.7%
1997	13,968	(2)	(2)	2,305	5.1%	4.5%	5.2%

(1) Information for 2001-2006 Obtained from the U.S. Census Bureau - 2000 Census.  
Information for 1997-2000 Obtained from the U.S. Census Bureau - 1990 Census.

(2) Information not readily available for this fiscal year.

(3) Obtained from District Records.

(4) Obtained from Ohio Department of Job and Family Services.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS  
CURRENT YEAR

**December 31, 2005**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Orange City School District (1)	623	1
Ursuline College	358	2
Beech Brook	179	3
Sky Financial Group	121	4
City of Pepper Pike	100	5
Stern Advertising	81	6
Merrill Lynch Pierce Fenner	63	7
Chagrin Valley Country Club	60	8
National City Corporation	48	9
Wachovia Shared Resources	42	10
Total	<u>1,675</u>	

**Source:** Regional Income Tax Agency

**Note:** The above table focuses on the City of Pepper Pike and the Village of Moreland Hills; the municipalities in which all District facilities are located.

(1) Includes all substitute and seasonal employees.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS

<u>Type</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Professional Staff:										
Teaching Staff:										
Elementary	91.1	90.8	92.1	90.4	90.4	75.3	75.1	71.6	72.5	(1)
Middle	47.8	47.4	45.9	45.3	45.3	41.5	42.5	42.3	42.1	(1)
High	65.5	65.3	64.3	64.7	66.7	77.0	77.0	77.1	76.2	(1)
Others	18.7	18.7	18.7	16.7	15.7	16.5	16.2	15.5	15.6	(1)
Administration:										
District	21.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	(1)
Auxiliary Positions:										
Counselors	6.5	6.5	6.5	6.0	6.0	6.0	6.0	6.0	6.0	(1)
Nurses	-	-	-	-	-	-	-	-	-	(1)
Speech	4.6	4.6	4.4	4.0	4.0	3.3	3.3	3.3	2.0	(1)
Mental Health Specialists	2.9	2.9	2.8	2.5	2.5	2.7	2.5	2.9	2.5	(1)
Others	9.4	9.4	9.3	9.1	8.9	8.7	8.6	8.3	7.9	(1)
Support Staff:										
Supervisors	10.0	10.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0	(1)
Secretarial	23.5	23.5	23.5	23.5	23.5	23.5	23.5	22.5	22.0	(1)
Aides	37.5	37.5	37.4	35.7	35.6	30.2	27.4	25.6	25.3	(1)
Crossing Guards	-	-	-	-	-	-	-	-	-	(1)
Hall monitor/Security	1.0	-	-	-	-	-	-	-	-	(1)
Technical	-	-	-	-	-	-	-	-	-	(1)
Cooks	10.7	11.0	11.0	10.6	11.0	10.0	10.0	10.0	10.0	(1)
Custodial	25.6	26.4	26.6	24.5	24.5	24.4	24.6	23.5	23.4	(1)
Maintenance	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	(1)
Grounds	-	-	-	-	-	-	-	-	-	(1)
Bus Driver	33.1	33.1	33.0	31.9	30.7	30.7	30.7	28.6	27.4	(1)
Bus Aides	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	(1)
Mechanics	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	(1)
<b>Total</b>	<b>423.9</b>	<b>421.1</b>	<b>419.5</b>	<b>408.9</b>	<b>407.8</b>	<b>391.8</b>	<b>389.4</b>	<b>379.2</b>	<b>374.9</b>	<b>(1)</b>
<b>Function</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Instruction:										
Regular	153.3	150.8	149.6	151.4	152.2	150.2	153.2	154.0	152.5	(1)
Special	58.3	57.8	84.2	82.3	74.5	63.8	61.3	55.4	54.0	(1)
Vocational	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	(1)
Support Services:										
Pupil	30.6	30.2	28.9	23.3	25.3	25.4	25.0	24.6	23.0	(1)
Instructional staff	45.0	44.5	21.0	22.0	24.6	23.0	23.0	23.0	24.0	(1)
Administration	23.0	24.0	22.0	23.0	23.0	23.0	23.0	21.0	22.0	(1)
Fiscal	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	8.0	(1)
Business	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	(1)
Operations and maintenance	39.6	38.4	39.7	37.5	38.0	38.0	37.5	36.5	35.4	(1)
Pupil transportation	40.1	42.0	40.4	38.4	39.5	38.8	37.9	37.2	33.4	(1)
Central	8.0	8.0	8.0	7.0	6.0	6.0	6.0	5.0	5.0	(1)
Food Service Operations	10.7	11.0	11.2	10.6	11.1	10.1	10.0	10.0	10.0	(1)
Extracurricular activities	3.9	3.9	3.8	3.0	3.0	3.0	3.0	3.0	3.0	(1)
<b>Total Governmental Activities</b>	<b>423.9</b>	<b>421.1</b>	<b>419.5</b>	<b>408.9</b>	<b>407.8</b>	<b>391.8</b>	<b>389.4</b>	<b>379.2</b>	<b>374.9</b>	<b>(1)</b>

Source: School District records

(1) Information not readily available for this fiscal year.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Instruction:										
Regular and Special										
Enrollment (students)	2,354	2,358	2,391	2,356	2,381	2,244	2,251	2,254	2,263	2,305
Graduates	195	177	176	188	193	163	208	151	186	170
Support services:										
Board of education										
Regular meetings per year	12	12	12	12	12	12	12	12	12	12
Special meetings per year	33	23	26	24	17	23	26	29	24	33
Administration										
Student attendance rate	96.1%	95.9%	95.9%	95.6%	95.4%	95.7%	95.6%	95.3%	95.4%	95.2%
Fiscal										
Nonpayroll checks issued	6,800	6,368	6,743	6,624	6,820	6,816	6,405	6,113	6,431	5,905
Operations and maintenance										
Work orders completed	500	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Square footage maintained	534,881	534,881	534,881	534,881	534,881	430,948	404,988	404,988	404,988	404,988
Pupil transportation										
Avg. students transported daily (2)	2,597	2,724	2,687	2,655	2,564	2,654	(1)	(1)	(1)	(1)
Food service operations										
Meals served to students	187,274	156,191	174,192	161,938	152,118	(1)	(1)	(1)	(1)	(1)
Number of students with free or reduced lunches	144	124	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

**Source:** District records

(1) Information not readily available for this fiscal year.

(2) Figure includes public and nonpublic riders.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CAPITAL ASSET STATISTICS  
LAST FIVE FISCAL YEARS

<b>Governmental Activities</b>					
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Land	\$ 6,370,150	\$ 6,370,150	\$ 6,370,150	\$ 6,370,150	\$ 6,370,150
Construction in Progress	839,158	-	-	-	-
Land improvements	5,571,171	5,878,294	6,205,322	6,278,642	6,360,172
Buildings	26,808,386	27,547,417	28,380,439	28,807,005	29,246,102
Equipment	1,143,057	1,245,813	1,236,608	1,319,572	991,639
Vehicles	1,353,127	1,261,251	1,187,591	1,060,146	965,069
<b>Total Governmental Activities</b>					
Capital Assets, net	<u>\$42,085,049</u>	<u>\$ 42,302,925</u>	<u>\$ 43,380,110</u>	<u>\$ 43,835,515</u>	<u>\$ 43,933,132</u>
<b>Business-Type Activities</b>					
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Land improvements	\$ 54,760	\$ 60,228	\$ 60,058	\$ 39,256	\$ 17,146
Buildings	2,275,058	2,366,379	2,457,795	2,488,485	1,797,673
Equipment	24,841	33,743	42,892	45,416	29,962
Vehicles	35,831	41,945	37,610	42,625	47,640
<b>Total Business-Type Activities</b>					
Capital Assets, net	<u>\$ 2,390,490</u>	<u>\$ 2,502,295</u>	<u>\$ 2,598,355</u>	<u>\$ 2,615,782</u>	<u>\$ 1,892,421</u>

**Source:** School District financial records.

**Note:** Amounts above are presented net of accumulated depreciation.

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Orange High School (1973)						
Square feet	215,886	215,886	215,886	215,886	215,886	215,886
Capacity (All)	960	960	960	960	960	960
Enrollment	764	787	792	770	777	895
Brady Middle School (1965)						
Square feet	86,138	86,138	86,138	86,138	86,138	86,138
Capacity (All)	720	720	720	720	720	720
Enrollment	509	501	495	510	544	509
Moreland Hills Elementary (2001)						
Square feet	124,875	124,875	124,875	124,875	124,875	N/A
Capacity (All)	1,440	1,440	1,440	1,440	1,440	N/A
Enrollment	992	980	1,010	980	965	N/A
Old Moreland Hills Elementary (1958)						
Square feet	(1)	(1)	(1)	(1)	(1)	45,247
Capacity (All)	(1)	(1)	(1)	(1)	(1)	720
Enrollment	(1)	(1)	(1)	(1)	(1)	456
Pepper Pike Elementary (1954)						
Square feet	(2)	(2)	(2)	(2)	(2)	50,413
Capacity (All)	(2)	(2)	(2)	(2)	(2)	480
Enrollment	(2)	(2)	(2)	(2)	(2)	279
Gund School (1978)						
Square feet	6,000	6,000	6,000	6,000	6,000	6,000
Capacity (All)	84	84	84	84	84	84
Enrollment	66	64	79	82	81	77
New Directions (1989)						
Square feet	18,000	18,000	18,000	13,000	13,000	13,000
Capacity (All)	28	28	28	18	18	18
Enrollment	23	26	15	14	14	28

**Source:** District records

**Note:** Year of original construction is in parentheses. Increases in square footage and capacity are the result of renovations and additions.

(1) This building was converted from an elementary to a maintenance/technology facility upon completion of the new Moreland Hills Elementary in 2001.

(2) This building was converted from an elementary to the headquarters of the Orange Community Education and Recreation Department upon completion of the new Moreland Hills Elementary in 2001.

<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
189,926	189,926	189,926	189,926
960	960	960	960
933	919	919	928
86,138	86,138	86,138	86,138
720	720	720	720
528	522	533	530
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
45,247	45,247	45,247	45,247
720	720	720	720
423	405	402	437
50,413	50,413	50,413	50,413
480	480	480	480
289	323	333	327
6,000	6,000	6,000	6,000
84	84	84	84
67	71	68	71
13,000	13,000	13,000	13,000
18	18	18	18
11	14	8	12

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment (3)	Percent Change
	Expenses (1)	Cost per pupil	Expenses (1)	Cost per pupil		
2006	\$ 45,805,977	\$ 19,459	\$ 46,456,316	\$ 19,735	2,354	-0.17%
2005	\$ 42,458,478	\$ 18,006	\$ 43,393,598	\$ 18,403	2,358	-1.38%
2004	\$ 40,707,958	\$ 17,025	\$ 41,545,597	\$ 17,376	2,391	1.49%
2003	\$ 39,113,119	\$ 16,601	\$ 39,150,459	\$ 16,617	2,356	-1.05%
2002	\$ 41,909,985	\$ 17,602	\$ 38,011,021	\$ 15,964	2,381	6.11%
2001	\$ 55,612,082	\$ 24,783	N/A	N/A	2,244	-0.31%
2000	\$ 40,993,365	\$ 18,211	N/A	N/A	2,251	-0.13%
1999	\$ 31,015,235	\$ 13,760	N/A	N/A	2,254	-0.40%
1998	\$ 27,857,487	\$ 12,310	N/A	N/A	2,263	-1.82%
1997	\$ 29,098,977	\$ 12,624	N/A	N/A	2,305	N/A

**Source:** District records

(1) Debt Service totals have been excluded.

(2) The District implemented GASB 34 in fiscal year 2002.

(3) Enrollment derived from fall ADM count for each respective year.

(4) Teaching staff headcount represents full-time equivalents.

<b>Teaching Staff (4)</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
223.1	10.55	96.1%
222.2	10.61	95.9%
221.0	10.82	95.9%
217.1	10.85	95.6%
218.1	10.92	95.4%
210.3	10.67	95.7%
210.8	10.68	95.6%
206.5	10.92	95.3%
206.4	10.96	95.4%
200.5	11.50	95.2%

**ORANGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

TEACHER STATISTICS  
JUNE 30, 2006

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates	1	0.42%	(1)
Bachelor's Degree	44	18.41%	\$38,408 - \$70,387
Master's Degree	189	79.08%	\$42,402 - \$85,882
Ph.D.	5	2.09%	\$44,402 - \$86,882
	<u>239</u>	<u>100.00%</u>	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	29	12.13%
6 - 10	56	23.43%
11 and over	154	64.44%
	<u>239</u>	<u>100.00%</u>

Source: School District Personnel Records

(1) The salary schedule contained in the current teachers' union collective bargaining agreement does not recognize degrees less than a bachelor's.



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**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  
JANUARY 4, 2007**