

Olentangy Local School District

Lewis Center, Ohio

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2004

Issued by:

Office of the Treasurer

Andrew L. Geistfeld
Treasurer



**Auditor of State
Betty Montgomery**

Board of Education
Olentangy Local School District
814 Shanahan Rd. Suite 100
Lewis Center, OH 43035-9080

We have reviewed the Independent Auditor's Report of the Olentangy Local School District, Delaware County, prepared by Steen & Kennedy LLC, for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 29, 2004

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OLENTANGY LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2004

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**OLENTANGY LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for fiscal year ended June 30, 2004**

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

Adopted June 27, 2000

OLENTANGY | LOCAL SCHOOLS



OFFICE OF THE TREASURER

814 Shanahan Road, Suite 100

Lewis Center, OH 43035

November 30, 2004

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

On behalf of the Olentangy Local School District (the District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2004. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This CAFR is presented in three sections:

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

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

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

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

Reporting Entity

The District, one of 612 public school districts in the State of Ohio and four in the County of Delaware, provides education to approximately 8,600 students in grades K through 12 as of June 2004. It is located in Delaware and Franklin Counties in Central Ohio, and approximately fifteen miles north of the City of Columbus. The District was created by the consolidation in 1952 of the Liberty, Hyatt, Orange and Berlin Township schools to form the Olentangy Local School District. Less than one square mile of the District's area is located in Franklin County. The School District's total area is approximately 110 square miles

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

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

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

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

Organization of the School District

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

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

Economic Outlook

The District is considered a high wealth district. The valuation per pupil for fiscal year 2004 was \$259,556 compared to the State average of \$122,545. A comparison of the median Ohio adjusted gross income shows that Olentangy is approximately \$30,000 higher than the state average in tax year 2001. The District's 2003-04 expenditure per pupil (all funds) was \$9,053, compared to the state average of \$8,768.

The District is located in a high growth area. The revenue raised by 1 mill is approximately \$1.9 million compared to the state average of \$363 thousand. The valuation increase for the 5-year period ended December 2004 was over 78%.

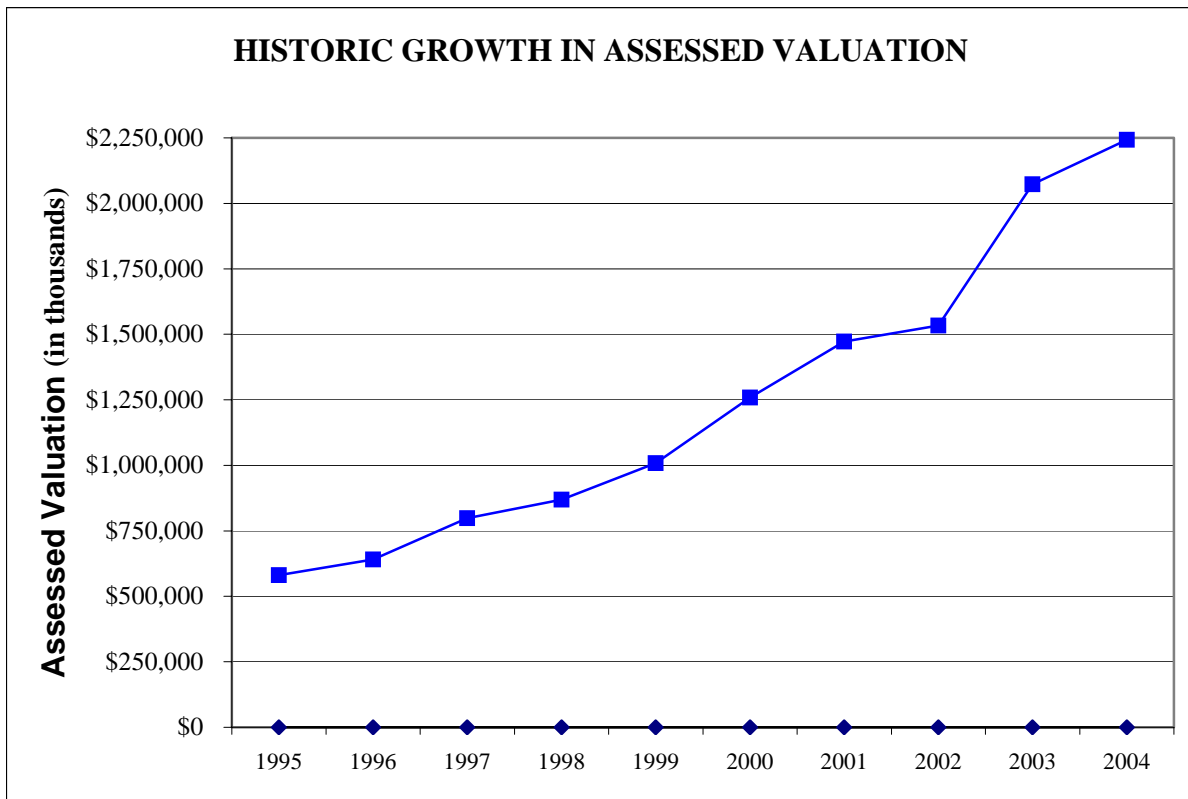
The commercial tax base of the District continues to grow at a robust pace. The Polaris development provides the heaviest concentration of office and retail development. The corner stones of this area consist of a 1,500,000 square foot regional mall and a 1,200,000 square foot Banc One office complex.

The fashion mall opened in October 2001. The total value of the completed project was approximately \$118 million, however; parcels surrounding the mall are still being developed. Additionally, several stand alone stores and retail centers are in the process of being constructed. In mid 2004, a 60,000 square foot retail center anchored by a fitness center opened in the corridor and plans were just announced for a \$16 million, 18 screen cinema development that will include shopping and dining. Also, the beginning stages of a \$200 million complex consisting of office buildings, stores and a hotel is planned for the fall of 2004.

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

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

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



Source: Delaware County Auditor (note: years of sexennial reappraisal 1994 & 2000; year of triennial appraisal 1997 & 2003). Includes real and personal property values.

Considerable residential development has also been occurring and is continuing to be planned within the District. Since 2000, the number of single family building permits issued annually within the District has increased by 74% from 917 permits in 2000 to over 1,600 permits in 2004. This increase in number of permits caused the District to change its assumption for new residential construction permits used in forecasting enrollment from 1,200 permits in fiscal years 2005-07 to 1,600 permits. However, the District also changed its estimated students per household from .78 to .717 thus; the impact of additional permits on future enrollment projections was not significant.

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

The District, therefore, placed a 10.5 mill operating levy on the March 2004 ballot that was successful and will allow the District to maintain the quality educational services that the District has been accustomed to providing.

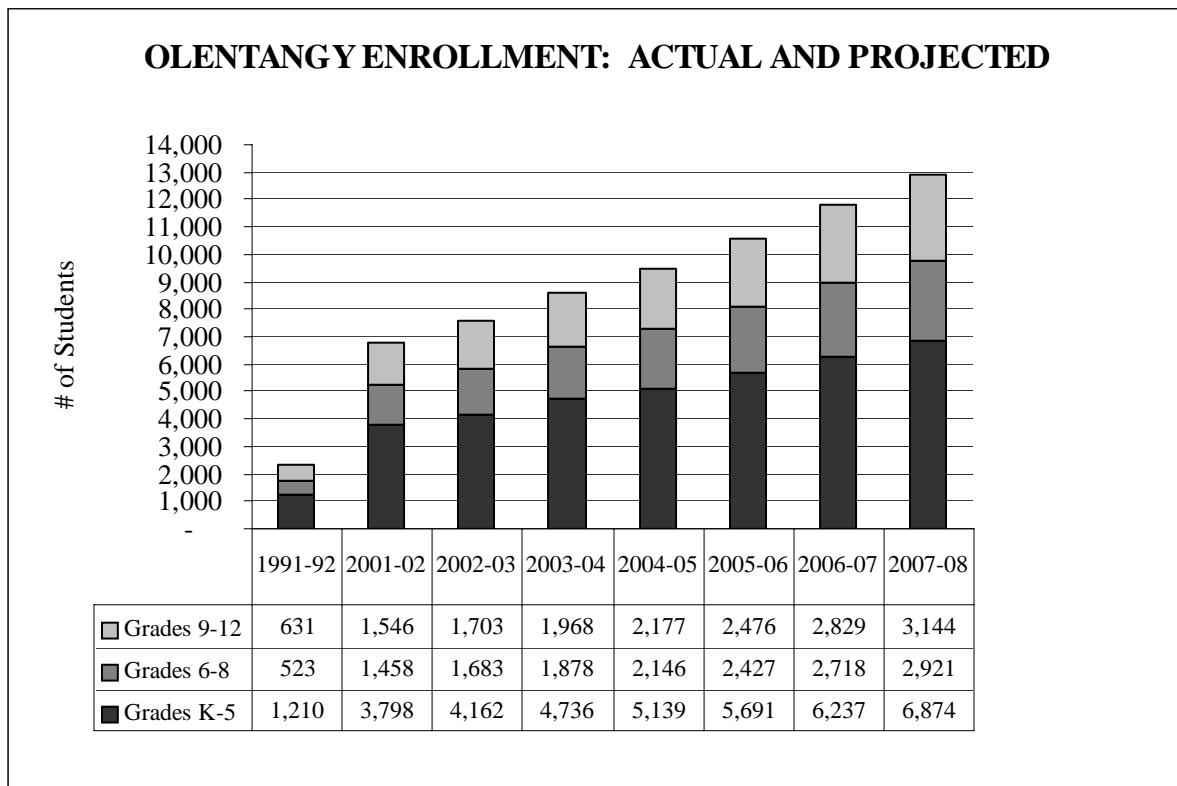
In 2002, the Board entered into a three and a half-year agreement effective January 1, 2002 to June 30, 2005 with the Olentangy Teachers Association (OTA). These negotiations established the wage and benefit levels for the District's certificated employees.

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

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

Enrollment Growth

The District's enrollment is the fastest growing in the State of Ohio based on actual numbers in fiscal year 2004. The District's enrollment grew by over 1,000 students in 2004. Enrollment for school year 1987-88 was 1,618 while enrollment for the 2003-04 school year was 8,582. During the last five years the District has experienced enrollment growth ranging from 8% to 16%. The enrollment projections, as well as development projections, indicate that the growth will continue well into this century. Student enrollment projections for the year 2007-08 indicate an enrollment of approximately 13,000.



Source: the above 5-year projections (from 2004-05 to 2007-08) came from the combined work of the Dejong & Associates and the District's Development Committee and are based upon 1600 new home starts each year. The figures for 1991-92, 2001-02 to 2003-04 are actual enrollment figures.

Building Facilities

The District is fortunate in that we have been able to keep pace with the district’s rapidly growing student enrollment. Since 1989 the District has grown from utilizing only the Shanahan building to a total of twelve school buildings in the 2003-04 school year (an additional middle school building will be added in 04-05).

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

The residents of the District have been supportive regarding the construction needs of the District. Since May of 1999, District residents have supported 5 straight bond levies. The most recent bond levy was for \$61.6 million in March 2004, which included 3 elementary schools, a middle school, funds to purchase land for future school buildings and funds for technology/textbooks/buses.

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

Oak Creek Elementary (FY 2001)	Tyler Run Elementary (FY 2002)
Liberty Middle School (FY 2002)	Bus/Maintenance Compound (FY 2003)
Liberty High School (FY 2004)	Walnut Creek Elementary (FY 2004)
Indian Springs Elementary (FY 2004)	Orange Middle School (FY 2005)
Glen Oak Elementary (FY 2006*)	Elementary #10 (FY 2007*)
Elementary #11 (FY 2008*)	Middle School #4 (FY 2008*)
* - Thanks to the voters of our District, the District has been able to plan ahead for the next few years with the bond issues previously mentioned. The dates listed are the projected opening school year; however these dates are contingent on availability of land, access to utilities and good weather for construction.	

Educational Program

As of June 2004, 8,582 students were enrolled in the Olentangy Local School District. In the 2003-04 academic year, Olentangy had eight elementary schools, two middle schools and two high schools; in the 2004-05 academic year, the district added an elementary and middle school.

In the 2003-04 academic year, Olentangy remained the fastest growing school district in Ohio with an increase of 1,027 new students from the previous academic year. Current enrollment projections show that Olentangy will continue with similar student increases.

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

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

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

The following includes certain student achievement highlights from the 2003-04 academic year illustrating the quality of educational programming in the school district:

- The school district and every school met all federal standards.
- In 2003-04, Olentangy met all national standards and 22 of 22 state standards and received the state's highest rating of "Excellent." This is the second time in three years that the district earned this award.
- All of Olentangy's school buildings received the state's two highest ratings of either "Excellent" or "Effective."
- Olentangy has 11 National Merit Scholars in the 2004 National Merit Scholarship competition. Of those eleven students two are National Merit Semifinalists and nine are Commended Scholars.
- Twelve Olentangy high students were invited to participate in the 2005 National Merit Scholarship competition. This is a new record for the district.
- A high school student earned a perfect score on both the SAT and ACT. This is the second year in a row and the second time in the district's history for an Olentangy student to earn this distinction.
- In the graduating class of 2004, 94 percent of Olentangy students intended to enroll in post secondary education; 77 percent attended a four-year university and 17 percent attended a two-year college.
- The number of students scoring as "advanced proficient" on state tests increased on nearly all tests.

Major Initiatives in Education:

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

Vision of the District

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

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

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

Respectful, Caring & Safe Environment

Long-Range Goals:

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

Research-Based, Student-Focused Instruction

Long-Range Goals:

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

Information-Driven Decision-Making

Long-Range Goals:

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

Focused & Challenging Curriculum

Long-Range Goals:

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

Continuous Improvement Plan (continued)

Collaboration Focused on Improving Student Learning

Long-Range Goals:

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

An Active Partnership with Parents & Community

Long-Range Goals:

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

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

CIP initiatives:

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

Long term goals associated with each initiative are represented with the number of the long term goal in parentheses.

- 1) Provide staff a variety of professional development opportunities including:
 - Creating a positive learning environment
 - Teaming and collaboration
 - Strategies for implementing maps and using map resources. (1, 6,12, 14)
- 2) Work on creating time for teacher collaboration to improve learning (13)
 - Building level: Administrators, OTA Reps. and staff work together to identify creative ways to create time.
 - District level: Time Study Committee explores long –term solutions to create time by level (elem,.MS, HS) and K-12.
- 3) Develop maps by defining content with more specificity and developing assessments and rubrics.(10 & 11)
- 4) Map 3 additional departments (Health and PE in summer 04, Art and General Music 04-05 school year and an additional dept for summer 05 determined by district/building need & dept. interest.)(8)

CIP initiatives (continued)

- 5) Complete the Elementary grade card revision – conduct parent and student focus groups to gather input. (For implementation, 05-06) (9)
- 6) Continue ongoing opportunities for parents to be informed about maps, resources and data system and provide an opportunity for elementary parents to understand new grade card to be implemented in 05-06. (15 & 16)
- 7) Continue development and implementation of data system – targets: uploads nightly, trainings and online curriculum resources available. (7)
- 8) Create plan for triple routing for the district for the 05-06 school year. (3 & 15)
- 9) Develop and implement improvement goals and benchmarks in every Central Office department and building. (3 & 15)

Internal Control

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

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

The concept of reasonable assurance recognizes that:

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

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

Budgetary Controls

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

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are verified prior to the release of

purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding fiscal years and are not re-appropriated.

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

Financial Condition

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

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

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. The discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the Districts’ finances of 2003-04.

Cash Management

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

Risk Management

The District is part of a statewide plan for workers' compensation insurance coverage. Additionally, the District carries all-risk property insurance, liability and excess liability insurance, as well as officers' liability insurance. The District provides medical, dental, vision and life coverage for its employees on a consortium insurance basis. The District pays into the Champaign, Delaware, Marion and Union Counties (CDMU) consortium at various rates based on the coverage selected by the employee. Claims are reviewed by a claims administrator and then paid by the consortium.

Independent Auditors

The financial statements of the District for the year ended June 30, 2004, were audited by the independent public accounting firm of Kennedy, Cottrell & Associates, whose unqualified opinion thereon is included at the beginning of the Financial Section of this report.

Certificate of Achievement Program

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Olentangy Local School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,

William L. Reimer, Superintendent

Andrew L. Geistfeld, Treasurer

OLENTANGY LOCAL SCHOOL DISTRICT

Olentangy Local School District
Elected Officials and Appointed Officials
as of June 30, 2004

BOARD OF EDUCATION MEMBERS

James Fedako, President

(expires 12/31/07)

M. Brad Reynolds, Vice President

(expires 12/31/07)

Barry Jamieson

(expires 12/31/07)

Dimon McFerson

(expires 12/31/05)

Teri Meider

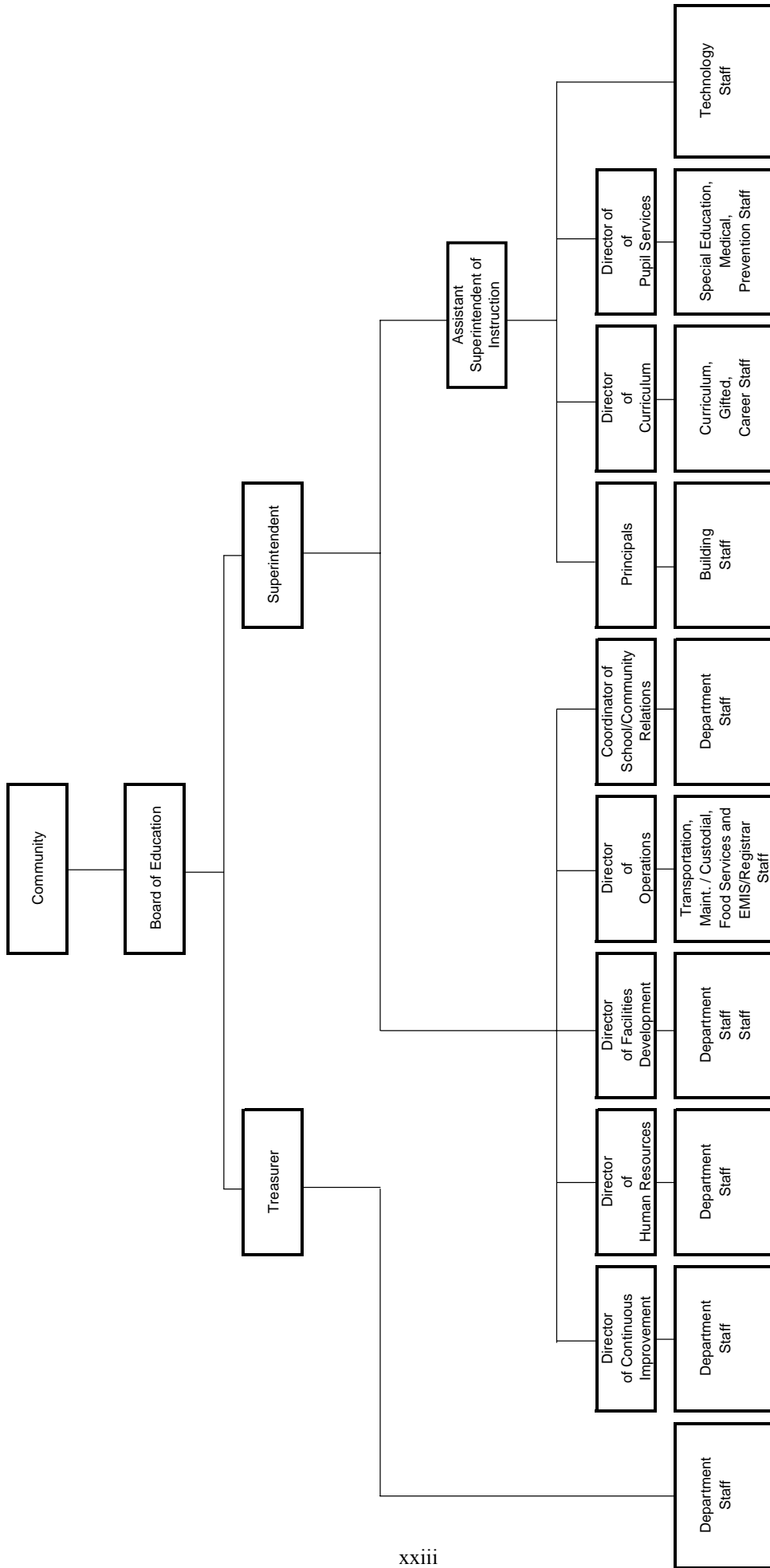
(expires 12/31/05)

APPOINTED OFFICIALS

William L. Reimer, Superintendent

Andrew L. Geistfeld, Treasurer

Olentangy Local Schools
Organizational Chart
2004



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Olentangy Local School District,
Ohio

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

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



Nancy L. Ziehl

President

Jeffrey R. Emmer

Executive Director



INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
November 19, 2004

OLENTANGY LOCAL SCHOOL DISTRICT

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Olentangy Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004

As management of the Olentangy Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

The District's net assets are \$9,975,591 as of June 30, 2004 according to the Statement of Net Assets. This represents a decrease of \$19,267,739 or 65.9% as compared to last year.

The current five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through June 2007. The District passed an operating levy in calendar 2004 (with collections beginning in calendar year 2005) which will increase revenues by an estimated \$63,000,000 over the next three years.

The General Fund reported a deficit fund balance of \$2,795,901. This deficit fund balance will be reduced by the aforementioned levy.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

Fiduciary Funds

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9,975,591 according to the Statement of Net Assets at the close of the most recent fiscal year.

A portion of the District's net assets (\$10,924,626) represents resources subject to external restrictions on how they may be used.

Another portion of the District's net assets (\$4,472,481) reflects its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's unrestricted net assets has a negative balance of \$5,421,516 for the year ended June 30, 2004. The major cause of this deficit is attributable to the timing of the certification of revenues by the County. In Ohio, only the portion of property taxes legally available as an advance by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous year Delaware County certified the amount of tax available for advance was approximately \$14,000,000; whereas, the amount available for advance at June 30, 2004 was approximately \$7,000,000. On a cash basis (i.e. budgetary basis) property taxes increased \$6,800,753.

A comparative analysis of fiscal year 2004 to 2003 follows from the Statements of Net Assets:

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Current assets	\$ 158,513,956	110,442,833
Capital assets	<u>190,119,826</u>	<u>171,956,386</u>
Total assets	<u>348,633,782</u>	<u>282,399,219</u>
Current liabilities	79,403,149	60,960,647
Long-term liabilities	<u>259,255,042</u>	<u>192,195,242</u>
Total liabilities	<u>338,658,191</u>	<u>253,155,889</u>
Net Assets:		
Invested in capital, net of debt	4,472,481	4,887,854
Restricted	10,924,626	10,180,627
Unrestricted	<u>(5,421,516)</u>	<u>14,174,849</u>
Total net assets, as restated	<u>\$ 9,975,591</u>	<u>\$ 29,243,330</u>

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

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Program revenues:		
Charges for services	\$ 3,629,183	\$ 2,877,529
Federal grants	1,884,581	1,102,210
State grants	746,093	394,378
Capital contributions	1,134,873	-
General revenues:		
Property taxes	53,599,792	55,221,377
State entitlements	11,497,567	9,885,088
Investment earnings	427,295	1,374,433
Miscellaneous	<u>670,651</u>	<u>574,193</u>
Total revenues	<u>73,590,035</u>	<u>71,429,208</u>
Program expenses:		
Instructional	47,197,383	35,193,933
Support services	31,980,640	26,254,036
Co-curricular student activities	2,468,676	1,792,695
Community services	372,895	387,301
Interest on long-term debt	<u>10,838,180</u>	<u>10,194,185</u>
Total expenses	<u>92,857,774</u>	<u>73,822,150</u>
Decrease in net assets	<u>\$ (19,267,739)</u>	<u>\$ (2,392,942)</u>

Governmental Activities

Net assets of the District's governmental activities decreased by \$19,267,739. The decrease in net assets is due to the expenditures exceeding revenues for the year. The expenditure increase

over the prior year is primarily due to the opening of the District's second high school, two elementary schools and a bus/maintenance compound which led to a 20% increase in the number of District employees. In addition, expenses increased due to normal raises and increased health insurance premiums associated with existing staff.

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

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

Programs	Total Cost of Services	Net Cost of Service
	<u>2004</u>	<u>2004</u>
Instructional services	\$ 47,197,383	45,282,204
Support services	31,980,640	27,600,285
Co-curricular student activities	2,468,676	1,722,010
Community services	372,895	20,365
Interest on long-term debt	<u>10,838,180</u>	<u>10,838,180</u>
Total	<u>\$ 92,857,774</u>	<u>85,463,044</u>

Local property taxes make up 72.8% of total revenues for governmental activities. The net services column reflecting the need for \$85,463,044 of support indicates the reliance on general revenues to support governmental activities. Included in the net cost of service is \$1,134,873 in the form of a capital contribution for the value of donated land for a future building site.

The District's Most Significant Funds Analysis

The District's governmental funds reported a combined fund balance of \$78,162,135, which represents an increase of \$25,320,918 as compared to last year's total of \$52,841,217 according to the Governmental Funds Balance Sheet. The schedule below shows the fund balance and the total change in fund balance from June 30, 2003 to 2004.

	Fund Balance at June 30, 2004	Fund Balance at June 30, 2003	Increase (Decrease)
General Fund	\$ (2,795,901)	16,109,692	(18,905,593)
Debt Service	9,555,857	5,831,701	3,724,156
Building Fund	70,033,705	29,509,730	40,523,975
Other Governmental Funds	1,368,474	1,390,094	(21,620)
Total	<u>\$ 78,162,135</u>	<u>\$ 52,841,217</u>	<u>25,320,918</u>

General Fund

The District's General Fund balance decreased primarily because of decreases in revenues while expenditures increased. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

Revenues

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Property taxes	\$ 40,976,500	44,233,217	-7.36%
Intergovernmental	10,010,567	8,536,066	17.27%
Investment income	180,207	380,627	-52.66%
Other revenue	716,144	544,930	31.42%
Total	<u>\$ 51,883,418</u>	<u>53,694,840</u>	-3.37%

Property taxes were expected to increase due to new construction; however the decrease is attributable to the timing of the certification of revenues available by the County Auditor. On a cash basis (i.e. budgetary basis) these revenues increased. Intergovernmental revenue is up 17.27% as a direct result of the increase in State allocation for transportation (related to enrollment and transportation expenses) and an increase in the amount received from the State related to real estate taxes due to new construction (The State pays 12.5% of real estate taxes for Ohio residents). Investment income is down 52.7% from fiscal 2003 due to declining interest rates and investing balances.

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

Expenditures by Function

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Instructional services	\$ 42,663,514	32,352,976	31.87%
Support services	26,369,144	22,287,519	18.31%
Co-curricular student activities	1,628,686	1,143,273	42.46%
Community services	1,612	1,504	7.18%
Debt service	126,055	133,391	-5.50%
Total	<u>\$ 70,789,011</u>	<u>55,918,663</u>	26.59%

The expenditure increase over the prior year is primarily due to the opening of the District's second high school, two elementary schools and a bus/maintenance compound which led to a 20% increase in the number of District employees. In addition, expenses increased due to

normal raises and increased health insurance premiums associated with existing staff. Expenditures exceeded revenues in the general fund during the fiscal year resulting in a decrease in fund balance of \$18,905,593.

As mentioned previously, the District passed an operating levy in March 2004, which will increase revenue by an estimated \$63 million over the next three years and offset increases in expenditures.

Debt Service Fund

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

Revenues	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Property taxes	\$ 12,053,292	10,985,658	9.72%
Intergovernmental	1,599,708	1,299,619	23.09%
Other revenue	-	5,169	-100.00%
Total	<u>\$ 13,653,000</u>	<u>\$ 12,290,446</u>	11.09%

The increase in property taxes is caused by 2004 being the first full year of tax collection on the bonds approved by the voters in May 2002 versus only half a year of collection in 2003. A larger increase in property taxes was expected; however, the increase was offset (similar to the general fund) as a result of the timing of the certification of revenues available by the County Auditor. The increase in intergovernmental revenue is also related to 2004 being the first full collection year on the May 2002 bonds.

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

Expenditures by Function	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Support services	\$ 224,991	207,012	8.69%
Interest repayment	10,332,642	9,415,491	9.74%
Principal repayment	3,426,752	3,344,477	2.46%
Total	<u>\$ 13,984,385</u>	<u>\$ 12,966,980</u>	7.85%

Expenditures increased 7.85% over the prior year due to 2004 being the first full year of interest payments on the bonds issued in 2002. Additionally, issuance costs and bond premium expense increased due to the issuance of \$61,600,000 in general obligation bonds and \$9,085,000 of refunding bonds during the year. See below for further discussion as it relates to the Districts debt activity.

Building Fund

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The increase in fund balance is primarily a result of the issuance of the aforementioned \$61,600,000 in general obligation bonds as discussed above, offset by continuing expenditures for the on going construction projects as follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2004</u>	<u>Committed</u>
Orange Road Middle School	\$ 18,245,000	16,423,226	1,821,774
Glen Oak Elementary	9,700,000	1,068,097	8,631,903
	<hr/>	<hr/>	<hr/>
Total Capital Projects	\$ <u>27,945,000</u>	<u>17,491,323</u>	<u>10,453,677</u>

Other Funds

Other governmental funds consist of Special Revenue, and other Capital Projects funds. Fund balance in these funds decreased by \$(21,620).

General Fund Budget Information

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

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

Capital Assets

The District has \$190,119,826 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2004, the District had \$255,470,655 in outstanding bonds, including \$3,453,873 in accretion on deep discount debt. The District paid \$3,426,752 in principal on bonds outstanding and \$10,332,642 in interest payments during the 2004 fiscal year. Additionally, the District incurred an additional \$869,012 in accretion cost. This amount is included in interest cost in the statement of activities.

On June 1, 2004, the District issued \$61,600,000 of general obligation bonds and \$9,085,000 of refunding bonds consisting of the following:

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

The \$9,085,000 of refunding bonds were issued for the purpose of refunding various past issues. This refunding resulted in an economic loss of \$161,105 and additional debt service payments of \$4,525,564 over the life of the bonds. However, with this refunding the District was able to move \$9,085,000 in debt service principal payments due over the next four years to December 1, 2020, thus keeping the effective millage rate consistent with the 2003 tax year even with the additional payments related to the \$61,600,000 2004 general obligation bonds.

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

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

Restrictions and Other Limitations

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

The first challenge is to ensure resources can be preserved as long as possible. The five-year forecast of the general fund and the 10-year building/construction plan is utilized as tools to manage resources effectively. The voters of the District approved a 10.5 mill operating levy in March 2004. This District anticipates the revenue generated through this levy will allow the District to keep a positive fund balance through fiscal year 2007. This additional revenue will assist in funding the current operations of the district along with future building operations. The District opened a middle school in 2005 and anticipates opening one new elementary school in 2006 and 2007 to meet the needs of a growing enrollment (i.e. 800 students or more per year)

The second challenge facing the District is based on the local economy. The District has experienced incredible growth during the past 5 years. Building permits have ranged from 900 to 1,400 a year. If the growth pattern changes and student enrollment increases more than anticipated, the District will have to change assumptions for its five-year financial models. Similarly, an economic downturn could result in a decrease in building permits issued which could result in revenue forecasts needing to be revised downward.

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

BASIC FINANCIAL STATEMENTS

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS:	
Cash and investments	\$ 82,083,262
Receivables	74,553,479
Due from other -	
Governments	680,650
Inventory	154,241
Deferred charges	1,021,789
Prepaid assets	20,535
Capital Assets:	
Land and construction in progress	34,320,156
Other capital assets, net of accumulated depreciation	155,799,670
TOTAL ASSETS	348,633,782
LIABILITIES:	
Accounts payable	3,153,222
Due to other:	
Governments	1,684,029
Other	119,439
Deferred revenue	65,612,842
Accrued liabilities	8,833,617
Long-term Liabilities:	
Due within one year	6,198,126
Due in more than one year	253,056,916
TOTAL LIABILITIES	338,658,191
NET ASSETS:	
Invested in capital assets, net of related debt	4,472,481
Restricted for:	
Debt Service	9,555,857
Capital Projects	257,977
Other Purposes	1,110,792
Unrestricted	(5,421,516)
TOTAL NET ASSETS	\$ 9,975,591

See accompanying notes to the basic financial statements.

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OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
					<u>Governmental Activities</u>
Governmental Activities					
Instructional services:					
Regular	\$ 37,907,726	323,665	196,607	1,134,873	(36,252,581)
Special	8,267,681	-	257,378	-	(8,010,303)
Vocational	666,085	-	2,656	-	(663,429)
Continuing	355,891	-	-	-	(355,891)
Support services:					-
Operation and maintenance of plant	8,678,220	-	6,822	-	(8,671,398)
School administration	4,493,767	-	4,193	-	(4,489,574)
Pupils	3,809,803	-	704,585	-	(3,105,218)
Business operations	1,944,399	-	-	-	(1,944,399)
Instructional staff	3,123,226	-	500,664	-	(2,622,562)
Student transportation	4,706,098	-	45,262	-	(4,660,836)
Food services	3,171,374	2,558,852	488,101	-	(124,421)
Central services	1,561,282	-	70,853	-	(1,490,429)
General administration	275,312	-	1,023	-	(274,289)
Facilities	217,159	-	-	-	(217,159)
Co-curricular student activities	2,468,676	746,666	-	-	(1,722,010)
Community services	372,895	-	352,530	-	(20,365)
Interest	10,838,180	-	-	-	(10,838,180)
Total Governmental Activities	<u>92,857,774</u>	<u>3,629,183</u>	<u>2,630,674</u>	<u>1,134,873</u>	<u>(85,463,044)</u>
General Revenues:					
Property Taxes					53,599,792
Grants and entitlements not restricted to specific programs					11,497,567
Investment earnings					427,295
Miscellaneous					670,651
Total general revenues					<u>66,195,305</u>
Change in Net Assets					(19,267,739)
Net Assets Beginning of Year, as restated					<u>29,243,330</u>
Net Assets End of Year					<u>\$ 9,975,591</u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>BUILDING FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS :					
Cash and investments	\$ 959,833	7,958,857	71,425,008	1,739,564	82,083,262
Receivables	59,125,370	15,408,000	295	19,814	74,553,479
Due from other:					
Governments	-	-	-	680,650	680,650
Funds	466,065	-	-	-	466,065
Inventory	66,789	-	-	87,452	154,241
Prepaid assets	20,535	-	-	-	20,535
TOTAL ASSETS	<u>\$ 60,638,592</u>	<u>23,366,857</u>	<u>71,425,303</u>	<u>2,527,480</u>	<u>157,958,232</u>
LIABILITIES:					
Accounts payable	\$ 1,645,021	-	1,391,598	116,603	3,153,222
Due to other:					
Governments	1,574,824	84,000	-	25,205	1,684,029
Funds	-	-	-	466,065	466,065
Other	-	-	-	119,439	119,439
Deferred revenue	53,314,609	13,727,000	-	211,359	67,252,968
Accrued liabilities	6,900,039	-	-	220,335	7,120,374
TOTAL LIABILITIES	<u>63,434,493</u>	<u>13,811,000</u>	<u>1,391,598</u>	<u>1,159,006</u>	<u>79,796,097</u>
FUND BALANCES:					
Fund balances:					
Reserved for encumbrances	249,348	-	9,197,446	172,650	9,619,444
Reserved for prepaid expenditures	20,535	-	-	-	20,535
Reserved for future appropriations	5,304,000	1,681,000	-	-	6,985,000
Unreserved, reported in:					
General fund	(8,369,784)	-	-	-	(8,369,784)
Special Revenue funds	-	-	-	1,110,792	1,110,792
Debt Service fund	-	7,874,857	-	-	7,874,857
Capital Projects funds	-	-	60,836,259	85,032	60,921,291
TOTAL FUND (DEFICIT) BALANCES	<u>(2,795,901)</u>	<u>9,555,857</u>	<u>70,033,705</u>	<u>1,368,474</u>	<u>78,162,135</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 60,638,592</u>	<u>23,366,857</u>	<u>71,425,303</u>	<u>2,527,480</u>	<u>157,958,232</u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004

Total Governmental Fund Balances	\$ 78,162,135
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	190,119,826
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	2,661,915
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(995,405)
Compensated absences	(3,574,287)
Pension obligation	(717,838)
Bonds payable	(255,470,655)
Capital lease payable	(210,100)
 Net Assets of Governmental Activities	 <u><u>\$ 9,975,591</u></u>

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	GENERAL	DEBT SERVICE	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 40,976,500	12,053,292	-	-	53,029,792
Intergovernmental:			-		
Federal Restricted Grants-in-aid	7,329	-	-	1,853,495	1,860,824
State:			-		
Unrestricted Grants-in-aid	9,957,976	1,599,708	-	-	11,557,684
Restricted Grants-in-aid	45,262	-	-	640,714	685,976
Food services	-	-	-	2,558,852	2,558,852
Investment income	180,207	-	240,955	6,133	427,295
Co-curricular activities	-	-	-	746,666	746,666
Tuition fees	323,665	-	-	-	323,665
Other	392,479	-	295	277,877	670,651
TOTAL REVENUES	51,883,418	13,653,000	241,250	6,083,737	71,861,405
EXPENDITURES:					
Current:					
Instructional services:					
Regular	33,838,077	-	140,193	306,914	34,285,184
Special	7,815,584	-	-	269,995	8,085,579
Vocational	653,962	-	-	2,656	656,618
Continuing	355,891	-	-	-	355,891
TOTAL INSTRUCTIONAL SERVICES	42,663,514	-	140,193	579,565	43,383,272
Support services:					
Operation and maintenance of plant	8,456,115	-	15,576	73,560	8,545,251
School administration	4,370,548	-	-	4,193	4,374,741
Pupils	3,013,691	-	-	761,553	3,775,244
Business operations	1,693,476	224,991	9,000	-	1,927,467
Instructional staff	2,610,984	-	174,047	311,706	3,096,737
Student transportation	4,317,644	-	1,611,448	-	5,929,092
Food services	-	-	-	2,983,685	2,983,685
Central services	1,430,310	-	-	102,713	1,533,023
General administration	257,440	-	15,999	1,023	274,462
Facilities	218,936	-	-	-	218,936
TOTAL SUPPORT SERVICES	26,369,144	224,991	1,826,070	4,238,433	32,658,638
Co-curricular student activities	1,628,686	-	-	746,221	2,374,907
Community services	1,612	-	-	396,731	398,343
Capital outlay	-	-	19,351,012	144,407	19,495,419
Debt service:					
Principal retirement	107,443	3,426,752	-	-	3,534,195
Interest	18,612	10,332,642	-	-	10,351,254
TOTAL EXPENDITURES	70,789,011	13,984,385	21,317,275	6,105,357	112,196,028
Excess (deficiency) of revenues over expenditures	(18,905,593)	(331,385)	(21,076,025)	(21,620)	(40,334,623)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of bonds	-	-	61,600,000	-	61,600,000
Premium and accrued interest	-	4,237,771	-	-	4,237,771
Proceeds of refunding bonds	-	9,085,000	-	-	9,085,000
Payment to refunded bond escrow agent	-	(9,267,230)	-	-	(9,267,230)
Transfers in	-	-	-	27,106	27,106
Transfers out	-	-	-	(27,106)	(27,106)
TOTAL OTHER FINANCING SOURCES (USES)	-	4,055,541	61,600,000	-	65,655,541
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(18,905,593)	3,724,156	40,523,975	(21,620)	25,320,918
FUND BALANCES AT BEGINNING OF YEAR					
	16,109,692	5,831,701	29,509,730	1,390,094	52,841,217
FUND BALANCE (Deficit) AT END OF YEAR	\$ (2,795,901)	9,555,857	70,033,705	1,368,474	78,162,135

See accompanying notes to the basic financial statements.

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

Net Changes in Fund Balances - Total Governmental Funds \$ 25,320,918

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 17,028,567

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 1,728,630

Bond issuance cost associated with new debt issued in fiscal 2004 were reported as expenditures in governmental funds, whereas bond issuance cost are deferred and amortized over the life of the bonds in the entity wide statements 715,896

Proceeds from the issuance of debt is revenues in the governmental funds but is an increase in long-term liabilities in the statement of net assets (75,104,536)

Repayment of bond and capital lease principal is an expenditure in governmental fund, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 12,801,425

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. (1,045,278)

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

Compensated absences	(391,730)
Pension obligation	(345,858)
Loss on disposal of assets	(459)
Amortization, net	24,686

Change in Net Assets of Governmental Activities \$ (19,267,739)

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	PRIVATE PURPOSE TRUST	AGENCY FUNDS
ASSETS:		
Cash and investments	\$ 21,247	\$ 231,780
Receivables	-	100
TOTAL ASSETS	21,247	231,880
LIABILITIES:		
Accounts payable	-	5,466
Due to other		226,414
TOTAL LIABILITIES	-	\$ 231,880
NET ASSETS		
Assets held in trust	\$ 21,247	

See accompanying notes to the basic financial statements.

OLENTANGY LOCAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2004

	<u>PRIVATE PURPOSE TRUST</u>
ADDITIONS	
Investment Earnings- Interest	\$ 152
TOTAL ADDITIONS	<u>152</u>
DEDUCTIONS	
Contributions-Scholarships	1,000
TOTAL DEDUCTIONS	<u>1,000</u>
Change in net assets	(848)
NET ASSETS-beginning of the year	22,095
NET ASSETS-end of the year	<u>\$ 21,247</u>

See accompanying notes to the basic financial statements.

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OLENTANGY LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

1. REPORTING ENTITY

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

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

Jointly Governed Organizations

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Beginning July 1, 2002, the District changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Disclosures*. For fiscal year 2004, the District implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, and GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The District's significant accounting policies are described below.

(a) *Government-wide and fund financial statements*

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

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

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

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

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

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

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following fund types:

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

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

(c) Cash and Investments

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

(d) Inventory

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

(e) Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$2,000 and a useful life of less than five years. The District does not possess any infrastructure.

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

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

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

(f) Interfund Activity

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

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

(g) Compensated Absences

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

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

(h) Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, these accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term liabilities paid from governmental funds are not recognized as a liability in the fund financial statements until due.

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

(i) *Fund Balance Reserves / Restrictions*

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

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

(j) *Management Estimates*

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

3. CASH AND INVESTMENTS

At June 30, 2004, the fair value exceeded the District's net cost for investments by \$1,609.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2004.

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During fiscal year 2004, the District complied with the provisions of these statutes.

Deposits with Financial Institutions:

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

At June 30, 2004, the carrying amount of all District deposits was \$ 0, exclusive of the \$520,000 overnight repurchase agreement included as an investment below and a bank overdraft of \$726,648. This bank overdraft is included in accounts payable at fiscal year end.

Investments:

As of June 30, 2004, the District had the following investments and maturities.

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
FHLB Note	\$ 500,584	500,584	-	-	-
Repurchase Agreement	520,000	520,000	-	-	-
Star Ohio	81,835,705	81,835,705	-	-	-
	<u>\$ 82,856,289</u>	<u>82,856,289</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Credit Risk. The District's investments, exclusive of the Repurchase as disussed above and Star Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor

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

Services, respectively. Standard & Poor's has assigned Star Ohio an AAAm money market rating.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the District at June 30, 2004:

Investment type	Fair Value	% to total
FHLB Note	500,584	0.60%
Repurchase Agreement	\$ 520,000	0.63%
STAROhio	81,835,705	98.77%
	\$ 82,856,289	100.00%

4. PROPERTY TAXES

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

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

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

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

Tangible personal property taxes attach as a lien and are levied January 1 of the current year. Tangible personal property assessments are 25% of true value, except assessment on inventory which is 23% of true value. The majority of property tax revenues (in excess of 99%) are collected by the Delaware County Treasurer. The assessed values for collection in 2004, upon which the 2003 levies were based, are as follows:

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

Agricultural/Residential Real Estate	\$	1,573,086,250
Commercial/Industrial Real Estate		322,130,240
Public Utility Real Estate		211,290
Public Utility Tangible		70,689,690
General Tangible Property		106,351,884
 Total		 <u>\$ 2,072,469,354</u>

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

Accrued property taxes receivables represent real property, personal property and public utility taxes which were measurable but not available as of June 30, 2004. However, monies legally available as an advance to the District as of June 30, 2004 are recognized as revenue as they are both measurable and available. The property tax amount recognized as revenue is reflected as a reservation of fund balance (reserve for future appropriations) as the District is prohibited by law from appropriating this amount in accordance with Ohio Revised Code Section 5705.35.

5. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, interest and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:		
Taxes current	\$	73,030,161
Taxes delinquent		1,470,000
Other		<u>53,318</u>
Total receivable	\$	<u><u>74,553,479</u></u>

6. DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2004, consist of the following:

Governmental Activities:		
Federal	\$	680,650
State		<u>-</u>
Total	\$	<u><u>680,650</u></u>

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

7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2004 consist of the following individual fund receivables and payables on the fund basis:

	Receivable	Payable
General Fund	\$ 466,065	\$ -
Other Governmental Funds	-	466,065
Total	\$ 466,065	\$ 466,065

These interfund balances represent advances of amounts necessary to support activities of the respective funds. These advances will be repaid with 2005 receipts.

8. CAPITAL ASSETS

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

	Balance June 30, 2003	Additions	Disposals	Transfers	Balance June 30, 2004
Capital Assets used in:					
<i>Governmental Activities</i>					
Nondepreciable capital assets:					
Land	\$ 15,723,169	1,105,664	-	-	16,828,833
Construction in progress	62,489,196	13,644,170	-	(58,642,043)	17,491,323
Total nondepreciable capital assets	78,212,365	14,749,834	-	(58,642,043)	34,320,156
Depreciable capital assets					
Building and improvements	102,946,148	89,390	-	58,642,043	161,677,581
Furniture, fixtures and equipment	4,639,299	5,557,537	16,644	-	10,180,192
Buses, autos and trucks	5,674,655	1,768,912	106,410	-	7,337,157
Total depreciable capital assets	113,260,102	7,415,839	123,054	58,642,043	179,194,930
Accumulated depreciation:					
Building and improvements	15,769,971	2,661,184	-	-	18,431,155
Furniture, fixtures and equipment	1,745,565	929,165	16,185	-	2,658,545
Buses, autos and trucks	2,000,545	411,425	106,410	-	2,305,560
Total accumulated depreciation	19,516,081	4,001,774	122,595	-	23,395,260
Total depreciable capital assets, net	93,744,021	3,414,065	459	58,642,043	155,799,670
Total governmental activities capital asset, net	\$ 171,956,386	18,163,899	459	-	190,119,826

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

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 2,989,579
Special	67,214
Support services:	
Operation and maintenance of plant	248,491
School administration	21,551
Pupils	5,580
Business operations	14,779
Instructional staff	9,815
Food services	141,062
Central	20,462
Student transportation	361,103
Co-curricular student activities	119,159
Community services	2,979
Total depreciation	\$ 4,001,774

Construction in progress at June 30, 2004 is composed of the following:

	Project Authorization	Expended to June 30, 2004	Committed
Orange Road Middle School	\$ 18,245,000	16,423,226	1,821,774
Glen Oak Elementary	9,700,000	1,068,097	8,631,903
Middle School # 4	18,600,000	0	18,600,000
Elementary #10	9,700,000	0	9,700,000
Elementary #11	9,700,000	0	9,700,000
Total Capital Projects	\$ 69,945,000	17,491,323	48,453,677

9. GENERAL LONG-TERM OBLIGATIONS

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

As of June 30, 2004, the District had ten general obligation bonds outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. General obligations currently outstanding are:

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

Purpose	Date Issued	Interest Rate	Final Maturity	Balance at June 30, 2004
Construction of High School	12/01/88	7.75%	12/01/11	\$ 4,305,000
Construction/Improvement of Schools (2)	02/01/95	5.1 -6.25%	12/01/15	18,724,666
Building improvement bonds	02/01/95	5.1 -6.25%	12/01/11	1,725,000
Building improvement refunds bonds (1)	07/17/97	3.65 -5.25%	12/01/17	2,473,776
Various purpose/refund bonds (3)	06/22/99	3.45 -5.35%	12/01/27	45,966,985
Construction of schools (4)	08/08/00	5.57%	12/01/27	14,866,503
Construction of schools (5)	02/14/02	4.1 -5.5%	12/01/30	55,223,724
School Facilities Construction/Improv. (6)	09/10/02	5.00%	12/01/30	36,625,000
School Facilities Construction/Improv. (7)	06/01/04	4.00%	12/01/24	61,600,000
Refunding Bonds 2004 (7)	06/01/04	4.00%	12/01/20	9,085,000
				<u>\$ 250,595,654</u>

- (1) These general obligation bonds consisted of: \$17,000,000 for the purpose of constructing two elementary schools and improving, remodeling, furnishing and equipping buildings and facilities, and \$10,470,000 for the advance refunding of general obligation bonds dated January 15, 1992.
- (2) Included construction of new elementary, addition to high school and major renovations to the middle school.
- (3) General bond obligations consisted of: \$27,100,000 for the construction, furnishing and equipping an elementary and a middle school building and the remaining amount for the advanced refunding of general obligation bonds dated February 16, 1995.
- (4) These general obligation bonds are for the purpose of constructing, furnishing and equipping an elementary school; acquiring real estate for other district facilities; and providing security improvements to district facilities.
- (5) In February 2002, the District issued \$59,709,603 in various purpose general obligation bonds. These general obligations consist of:
- a. \$58,169,625 for the purpose of constructing, furnishing, and equipping a new high school, new middle school, a new bus/maintenance facility, athletic fields and renovation of the west wing of current middle school, including a current refunding of the Districts \$30,000,000 School Facilities Construction and Improvement Notes dated October 16, 2001.
 - b. \$1,539,978 to partially advance refund the 1997 series and 2000 series general obligation building improvement and construction bonds.
- (6) On September 10, 2002, the District issued \$39,635,000 of general obligation bonds consisting of:
- \$15,000,000 of the issued bonds was a portion of the \$73,170,000 approved by voters on May 8, 2001 for the purpose of constructing, furnishing, and equipping a new high school, new middle school, a new bus/maintenance facility, athletic fields, and renovations of the west wing of the current middle school.
- \$24,635,000 of the issued bonds was approved by voters on May 7, 2002 for the purpose of acquiring land for school sites, constructing, furnishing, and equipping new elementary schools.
- Bond issuance cost and the bond premium of \$325,700 and \$688,231 respectively has been recorded on the statement of net assets net of related amortization as deferred charges and accrued liabilities, respectively.
- (7) On June 1, 2004, the District issued \$61,600,000 of general obligation bonds and \$9,085,000 of refunding bonds consisting of the following:
- \$61,600,000 approved by voters on March 2, 2004 for the purpose of acquiring land, constructing, furnishing, and equipping new elementary schools and a middle school, expanding existing facilities such as the bus/maintenance facility, purchasing school buses, and purchasing related textbooks and equipment.

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

The \$9,085,000 of refunding bonds were issued for the purpose of refunding various portions of the 1998 bonds, 2000 bonds 2002 bonds and the 2002A bonds listed above. This transaction resulted in an economic loss (present value cost) of \$161,105. and an increase of \$4,525,564 in future debt service payments. The original debt service final maturity was December 1, 2008. The new debt service final maturity is December 1, 2020.

Bond issuance cost and the bond premium of \$715,896 and \$4,237,771 respectively has been recorded on the statement of net assets net of related amortization as deferred charges and accrued liabilities, respectively.

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

Amount outstanding at June 30, 2004	\$	250,595,654
Unamortized bond premium, net of accumulated amortization of \$ 50,996		4,875,001
Amount included in the Statement of Net Assets		\$ 255,470,655

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

Year ending June 30,	Interest rates	Principal	Interest
2005	3.65 -7.75%	\$ 5,740,000	\$ 12,033,151
2006	3.65 -7.75%	4,446,896	12,288,168
2007	3.65 -7.75%	4,421,929	13,339,848
2008	3.65 -7.75%	5,040,630	13,566,580
2009	3.65 -7.75%	5,088,672	13,937,227
2010-2014	3.65 -7.75%	50,098,707	57,080,456
2015-2019	3.65 -7.75%	52,963,820	40,195,010
2020-2024	3.65 -7.75%	43,670,000	26,007,261
2025-2029	3.65 -7.75%	50,450,000	13,801,742
2030-2033	3.65 -7.75%	28,675,000	2,676,645
Total		\$ 250,595,654	\$ 204,926,088

Not included in the above amounts as of June 30, 2004 are \$9,085,000 of bonds that the District defeased in June of 2004, \$21,060,000 of bonds that the District defeased in June of 1999, and \$7,315,000 of bonds which the District defeased in July, 1997. For accounting purposes, the assets and liabilities for the defeased bonds are not reflected in the District's financial statements.

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

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

District. However, Revised Code Section 133.06(E) permits a school district to incur indebtedness in excess of the 9% direct debt limitation if, based on five year projections showing annual property value growth of 3% or more, the State Superintendent determines that such school district is a “special needs” district. The State Superintendent determined that the District is a special needs district on February 2, 2004.

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$192,236,981 and an unvoted debt margin of \$247,141,777. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Delaware County and other taxing entities. As of June 30, 2004, these entities have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value. These debt limitation calculations exclude \$3,453,873 in accretion of deep discount debt in accordance with State Law. Management believes that the District has complied with all bond covenants.

Capital Lease Obligation

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

All the leases relate to the General Fund. The principal and interest payments made on the leases during fiscal 2004 were \$107,443 and \$18,612, respectively.

The District’s future minimum lease payments under capital lease obligations as of June 30, 2004 are as follows:

Year ending June 30,	Capital Leases
2005	\$ 89,389
2006	81,339
2007	60,481
Total minimum lease payments	231,209
Less: amounts representing interest	21,109
Present value of minimum lease payments	\$ 210,100

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

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

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004	Amounts Due in One Year
Compensated absences (accrued vacation and sick leave)	\$ 3,182,557	3,574,287	3,182,557	3,574,287	\$ 381,000
General obligation bonds payable	191,553,394	62,469,012	3,426,752	250,595,654	5,740,000
Capital lease obligations	317,543	-	107,443	210,100	77,126
	<u>\$ 195,053,494</u>	<u>66,043,299</u>	<u>6,716,752</u>	<u>254,380,041</u>	<u>\$ 6,198,126</u>

Long-term liabilities in the Statement of Net Assets include \$4,875,001 of unamortized bond premiums at June 30, 2004.

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

10. RISK MANAGEMENT

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

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

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

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

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

The Pool establishes funds that consist of member contributions in amounts deemed to be sufficient to annually fund the administrative expenses, to purchase excess insurance, reinsurance, to pay current year claims and claim expenses, and to maintain sufficient

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

reserves. The amount of claims is estimated by an actuary. The contribution factor for each member is based on the number of lives covered as a percentage of total lives covered. The District has made all required contributions.

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

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

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

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

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

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

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

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002, were \$4,298,000, \$3,703,000, and \$3,269,000, respectively; equal to 100% of the required contribution each year.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002, were \$1,334,000, \$1,054,000, and \$913,000, respectively, equal to 100% of the required contribution for each year

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

C. Social Security System

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

12. Postemployment Benefits Other than Pension Benefits

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$30,700 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS Ohio were \$352,301,000 and STRS Ohio had 108,294 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits during the 2004 fiscal year equaled \$65,500.

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

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

13. CONTINGENCIES

(a) *Grants*

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

(b) *State School Funding Decision*

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

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

14. SET-ASIDES

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

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

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

	Textbook Reserve	Capital Maintenance Reserve
Balance, July 1, 2003	\$ -	-
Required Set-Aside	1,033,317	1,033,317
Qualifying Expenditures	(3,435,742)	(1,266,334)
Total	(2,402,425)	(233,017)
Balance, June 30, 2004	\$ -	-

15. FUND DEFICITS / ACCOUNTABILITY

The General Fund and Drug Free Schools Fund had GAAP basis fund balance deficits of \$2,795,901 and \$990 respectively, at June 30, 2004. These deficits will be funded by future revenues.

16. SUBSEQUENT EVENT

On October 29, 2004, the District issued \$10,000,000 in tax anticipation notes. These notes are issued in accordance with the Ohio Revised Code and are to assist with cash flow until the District begins collecting the 10.5 mill operating levy passed by the voters in March 2004.

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

17. RESTATEMENT

The District restated bonds payable at the beginning of the year. The restatement is to properly accret below market debt issued in accordance with Ohio Law. The principal amount of this debt appreciates over time resulting in additional principal payments on the stated bonds. Under Ohio Law this accretion has no impact on the calculated legal debt margin. The restatement is as follows:

	<u>Bonds Payable</u>
Net Assets Beginning of the year, as previously reported	\$31,828,191
Unrecorded accretion on bonds payable	(2,584,861)
Net Assets Beginning of the year, as restated	<u><u>\$29,243,330</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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OLENTANGY LOCAL SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2004

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	50,412,800	49,696,319	\$ 46,069,194	\$ (3,627,125)
Investment income	400,000	500,000	261,667	(238,333)
Tuition fees	360,000	370,000	307,112	(62,888)
Miscellaneous	1,152,170	1,226,863	1,708,694	481,831
State sources	9,672,938	9,483,076	10,003,238	520,162
Federal sources	6,100	7,330	7,329	(1)
TOTAL REVENUES	62,004,008	61,283,588	58,357,234	(2,926,354)
EXPENDITURES:				
Instructional services:				
Regular	31,954,295	31,943,329	33,031,991	(1,088,662)
Special	5,361,736	5,933,515	7,664,006	(1,730,491)
Vocational	778,674	780,468	615,399	165,069
Continuing	205,000	205,000	355,891	(150,891)
TOTAL INSTRUCTIONAL SERVICES	38,299,705	38,862,312	41,667,287	(2,804,975)
Support services:				
Pupils	4,907,038	4,337,174	2,931,327	1,405,847
Instructional staff	3,048,288	3,049,147	2,589,532	459,615
Board of Education	317,685	317,667	290,247	27,420
School administration	4,543,488	4,549,189	4,305,057	244,132
Fiscal services	1,493,235	1,493,095	1,451,319	41,776
Business operations	331,135	330,651	313,604	17,047
Operation and maintenance of plant	8,448,766	8,569,293	8,352,927	216,366
Student transportation	4,673,796	4,632,018	4,424,407	207,611
Central services	1,499,565	1,511,602	1,446,697	64,905
TOTAL SUPPORT SERVICES	29,262,996	28,789,836	26,105,117	2,684,719
Community recreation services	3,000	3,000	1,612	1,388
Co-curricular activities	1,839,135	1,842,370	1,636,607	205,763
Site improvement	236,355	253,895	218,248	35,647
Other	246,240	136,018	-	136,018
TOTAL EXPENDITURES	69,887,431	69,887,431	69,628,871	258,560
Excess (deficiency) of revenues over expenditures	(7,883,423)	(8,603,843)	(11,271,637)	2,667,794
OTHER FINANCING SOURCES (USES):				
Transfers in	1,000	1,000	-	1,000
Advances in	118,216	118,216	118,216	-
Advances out	(10,000)	(10,000)	(29,118)	(19,118)
Sale of fixed assets	-	1,160	9,634	(8,474)
Refund of prior year expenditures (receipts)	5,000	5,000	(5,225)	(10,225)
TOTAL OTHER FINANCING SOURCES (USES)	114,216	115,376	93,507	(21,869)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(7,769,207)	(8,488,467)	(11,178,130)	(2,689,663)
Prior year encumbrances appropriated	2,188,511	2,188,511	2,188,511	-
FUND BALANCES AT BEGINNING OF YEAR	8,490,418	8,490,418	8,490,418	-
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 2,909,722	\$ 2,190,462	\$ (499,201)	\$ (2,689,663)

See notes to the required supplementary schedule.

OLENTANGY LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2004

NOTE A - BUDGETARY DATA

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

Tax Budget:

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

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

Estimated Resources:

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year do not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2004.

Appropriations:

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

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

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

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

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

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

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

Excess of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$ (18,905,593)
Adjustments	
Due to revenues	6,473,816
Due to expenditures	1,160,140
Due to other financing sources	93,507
Excess of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	\$ (11,178,130)

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OLENTANGY LOCAL SCHOOL DISTRICT

MAJOR GOVERNMENTAL FUNDS

General Fund

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

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

Debt Service Fund

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

Building Fund

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

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Revised Budget	Actual	Variance with Revised Budget
Debt Service Fund			
Total Revenues and Other Sources	\$ 14,543,122	18,110,645	3,567,523
Total Expenditures and Other Uses	13,248,397	13,263,402	(15,005)
Net Change in Fund Balance	1,294,725	4,847,243	3,582,528
Fund Balance, July 1	3,090,202	3,090,202	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 4,384,927	7,937,445	3,582,528

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Revised Budget	Actual	Variance with Revised Budget
Building Fund			
Total Revenues and Other Sources	\$ -	62,013,596	62,013,596
Total Expenditures and Other Uses	35,678,529	37,035,126	(1,356,597)
Net Change in Fund Balance	(35,678,529)	24,978,470	60,656,999
Fund Balance, July 1			
	14,140,362	14,140,362	-
Prior Year Encumbrances Appropriated			
	21,738,542	21,738,542	-
Fund Balance, June 30	\$ 200,375	60,857,374	60,656,999

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OLENTANGY LOCAL SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

Teacher Development Grants- A fund provided to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs.

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

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

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

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

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

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

Federal Excellence Grants-Title II - A fund provided to account for funds used for strengthening instruction in science, mathematics, modern foreign languages, English, arts and humanities, reading, history, geography civics, economics, and industrial arts through acquisition of laboratory and other special equipment and materials and through minor remodeling.

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

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

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

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

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

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

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

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

OLENTANGY LOCAL SCHOOL DISTRICT

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

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

Capital Projects Funds

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

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

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

**OLENTANGY LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004**

SPECIAL REVENUE FUNDS

	PUBLIC SCHOOL SUPPORT	GRANTS - LOCAL SOURCES	DISTRICT MANAGED STUDENT ACTIVITIES	OTHER LOCAL SOURCES
ASSETS:				
Cash and investments	\$ 157,289	199,744	121,635	74,746
Receivables	3,356	-	1,350	3,527
Inventory	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 160,645	199,744	122,985	78,273
LIABILITIES:				
Accounts payable	\$ 4,014	2,386	4,587	2,458
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	4,014	2,386	4,587	2,458
Fund balance:				
Reserve for encumbrances	4,341	1,845	7,355	-
Unreserved	152,290	195,513	111,043	75,815
Total fund balance	156,631	197,358	118,398	75,815
TOTAL LIABILITIES AND FUND BALANCE	\$ 160,645	199,744	122,985	78,273

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

AUXILIARY SERVICE	TEACHER DEVELOPMENT GRANTS	EMIS GRANTS	ONENET NETWORK CONNECTIVITY	SCHOOL NET PROFESSIONAL DEVELOPMENT
148,305	-	-	-	4,140
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>148,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,140</u>
28,866	-	-	-	-
-	-	-	-	-
-	-	-	-	-
119,439	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>148,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
34,886	-	-	-	-
(34,886)	-	-	-	4,140
-	-	-	-	4,140
<u>148,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,140</u>

**OLENTANGY LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET, Continued
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004**

SPECIAL REVENUE FUNDS

	ENTRY YEAR PROGRAMS	OHIO READS GRANT	SUMMER INTERVENTION GRANT	OTHER STATE GRANTS	FEDERAL EXCELLENCE GRANTS - TITLE II
ASSETS:					
Cash and investments	\$ -	-	-	-	-
Receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other governments	-	-	-	-	-
TOTAL ASSETS	\$ -	-	-	-	-
LIABILITIES:					
Accounts payable	\$ -	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to others	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCE:					
Reserve for encumbrances	-	-	-	-	-
Unreserved	-	-	-	-	-
Total fund balance	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	-	-	-	-

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

TITLE VIB GRANTS	TITLE I GRANTS	TITLE V GRANTS	TITLE III LIMITED ENGLISH	SAFE AND DRUG-FREE SCHOOLS	EDUCATION OF THE HANDICAPPED PRESCHOOL GRANTS
-	34,297	32,917	374	-	4,441
-	-	-	-	-	-
-	-	-	-	-	-
450,466	107,984	15,884	18,530	1,141	-
<u>450,466</u>	<u>142,281</u>	<u>48,801</u>	<u>18,904</u>	<u>1,141</u>	<u>4,441</u>
-	3,126	25,174	361	-	3,763
-	-	-	-	-	-
436,946	-	9,899	18,230	990	-
-	-	-	-	-	-
4,735	107,984	4,771	-	1,141	-
-	29,501	-	-	-	-
<u>441,681</u>	<u>140,611</u>	<u>39,844</u>	<u>18,591</u>	<u>2,131</u>	<u>3,763</u>
8,551	57,092	7,740	13	-	602
234	(55,422)	1,217	300	(990)	76
<u>8,785</u>	<u>1,670</u>	<u>8,957</u>	<u>313</u>	<u>(990)</u>	<u>678</u>
<u>450,466</u>	<u>142,281</u>	<u>48,801</u>	<u>18,904</u>	<u>1,141</u>	<u>4,441</u>

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET, Continued
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004**

SPECIAL REVENUE FUNDS

	E-RATE GRANT	TITLE II-A	OTHER FEDERAL GRANTS	FOOD SERVICE
ASSETS:				
Cash and investments	\$ 121,722	79,854	2,870	640,044
Receivables	-	-	-	11,581
Inventory	-	-	-	87,452
Due from other governments	-	48,302	3,195	35,148
TOTAL ASSETS	\$ 121,722	128,156	6,065	774,225
LIABILITIES:				
Accounts payable	\$ 4,538	36,968	220	142
Due to other governments	-	-	-	25,205
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	48,302	3,195	41,231
Accrued liabilities	-	-	-	190,834
TOTAL LIABILITIES	4,538	85,270	3,415	257,412
FUND BALANCE:				
Reserve for encumbrances	120	16,262	1,689	-
Unreserved	117,064	26,624	961	516,813
Total fund balance	117,184	42,886	2,650	516,813
TOTAL LIABILITIES AND FUND BALANCE	\$ 121,722	128,156	6,065	774,225

OLENTANGY LOCAL SCHOOL DISTRICT

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PERMANENT IMPROVEMENT FUND	SCHOOL NET FUND		
1,622,378	117,186	-	117,186	1,739,564
19,814	-	-	-	19,814
87,452	-	-	-	87,452
680,650	-	-	-	680,650
<u>2,410,294</u>	<u>117,186</u>	<u>-</u>	<u>117,186</u>	<u>2,527,480</u>
116,603	-	-	-	116,603
25,205	-	-	-	25,205
466,065	-	-	-	466,065
119,439	-	-	-	119,439
211,359	-	-	-	211,359
220,335	-	-	-	220,335
<u>1,159,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,159,006</u>
140,496	32,154	-	32,154	172,650
1,110,792	85,032	-	85,032	1,195,824
<u>1,251,288</u>	<u>117,186</u>	<u>-</u>	<u>117,186</u>	<u>1,368,474</u>
<u>2,410,294</u>	<u>117,186</u>	<u>-</u>	<u>117,186</u>	<u>2,527,480</u>

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	SPECIAL REVENUE FUNDS			
	PUBLIC SCHOOL SUPPORT	GRANTS - LOCAL SOURCES	DISTRICT-MANAGED STUDENT ACTIVITIES	OTHER LOCAL SOURCES
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	-	-	-
State restricted grants-in-aid	-	31,661	-	-
Food Service	-	-	-	-
Investment Income	-	-	-	-
Co-curricular activities	-	12,490	301,103	433,073
Other	113,458	140	80,800	-
TOTAL REVENUES	<u>113,458</u>	<u>44,291</u>	<u>381,903</u>	<u>433,073</u>
EXPENDITURES:				
Current:				
Instructional services:				
Regular	118,508	22,047	-	-
Special	-	-	-	-
Vocational	-	-	-	-
Total Instructional Services	<u>118,508</u>	<u>22,047</u>	<u>-</u>	<u>-</u>
Support services:				
Operation and maintenance	-	-	-	-
School administration	-	-	-	-
Pupils	-	-	-	-
Instructional Staff	5,672	400	-	-
General Administration	-	-	-	-
Food Service	-	-	-	-
Central services	-	-	-	-
Total Support Services	<u>5,672</u>	<u>400</u>	<u>-</u>	<u>-</u>
Co-curricular student activities	-	24,744	316,366	405,111
Community services	-	3,461	39,124	-
Capital outlay	-	31,870	-	-
TOTAL EXPENDITURES	<u>124,180</u>	<u>82,522</u>	<u>355,490</u>	<u>405,111</u>
Excess (deficiency) of revenues over expenditures	(10,722)	(38,231)	26,413	27,962
OTHER FINANCING SOURCES -				
Transfers in	-	-	21,050	-
Transfers out	-	-	-	(21,050)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>21,050</u>	<u>(21,050)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(10,722)	(38,231)	47,463	6,912
FUND BALANCE AT BEGINNING OF YEAR	167,353	235,589	70,935	68,903
FUND BALANCE AT END OF YEAR	<u>\$ 156,631</u>	<u>197,358</u>	<u>118,398</u>	<u>75,815</u>

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

<u>AUXILIARY SERVICE</u>	<u>TEACHER DEVELOPMENT GRANTS</u>	<u>EMIS GRANTS</u>	<u>ONENET NETWORK CONNECTIVITY</u>	<u>SCHOOL NET PROFESSIONAL DEVELOPMENT</u>
-	-	-	-	-
347,511	-	30,713	36,000	4,140
-	-	-	-	-
811	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>348,322</u>	<u>-</u>	<u>30,713</u>	<u>36,000</u>	<u>4,140</u>
-	-	-	-	-
-	-	-	-	4,600
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	30,713	72,000	-
-	271	30,713	72,000	-
-	-	-	-	-
348,322	-	-	-	-
-	-	-	-	-
<u>348,322</u>	<u>271</u>	<u>30,713</u>	<u>72,000</u>	<u>4,600</u>
-	(271)	-	(36,000)	(460)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(271)	-	(36,000)	(460)
-	271	-	36,000	4,600
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,140</u>

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS, Continued
 YEAR ENDED JUNE 30, 2004**

SPECIAL REVENUE FUNDS

	ENTRY YEAR PROGRAMS	OHIO READS GRANT	SUMMER INTERVENTION GRANT	OTHER STATE GRANTS	FEDERAL EXCELLENCE GRANTS - TITLE II
REVENUES:					
Intergovernmental:					
Federal restricted grants-in-aid	\$ -	-	-	-	-
State restricted grants-in-aid	-	10,000	127,943	47,522	-
Food Service	-	-	-	-	-
Investment Income	-	-	-	-	-
Co-curricular activities	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	-	10,000	127,943	47,522	-
EXPENDITURES:					
Current:					
Instructional services:					
Regular	-	10,000	127,943	-	-
Special	-	-	-	-	-
Vocational	-	-	-	-	-
Total Instructional Services	-	10,000	127,943	-	-
Support services:					
Operation and maintenance	-	-	-	6,822	-
School administration	-	-	-	-	-
Pupils	-	-	-	-	-
Instructional Staff	74	-	-	39,600	-
General Administration	-	-	-	-	-
Food Service	-	-	-	-	-
Central services	-	-	-	-	-
Total Support Services	74	-	-	46,422	-
Co-curricular student activities	-	-	-	-	-
Community services	-	-	-	1,100	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	74	10,000	127,943	47,522	-
Excess (deficiency) of revenues over expenditures	(74)	-	-	-	-
OTHER FINANCING SOURCES -					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(6,056)
TOTAL OTHER FINANCING SOURCES	-	-	-	-	(6,056)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(74)	-	-	-	(6,056)
FUND BALANCE AT BEGINNING OF YEAR	74	-	-	-	6,056
FUND BALANCE AT END OF YEAR	\$ -	-	-	-	-

OLENTANGY LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

TITLE VIB GRANTS	TITLE I GRANTS	TITLE V GRANTS	TITLE III LIMITED ENGLISH	SAFE AND DRUG-FREE SCHOOLS	EDUCATION OF THE HANDICAPPED PRESCHOOL GRANTS
786,637	324,626	45,188	27,377	34,659	17,131
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,666	-	-	-	-
<u>786,637</u>	<u>329,292</u>	<u>45,188</u>	<u>27,377</u>	<u>34,659</u>	<u>17,131</u>
-	686	-	-	23,130	-
30,196	203,869	11,346	15,841	-	8,743
-	-	-	-	-	-
<u>30,196</u>	<u>204,555</u>	<u>11,346</u>	<u>15,841</u>	<u>23,130</u>	<u>8,743</u>
-	-	-	-	-	-
4,193	-	-	-	-	-
697,142	45,038	-	11,223	-	7,710
43,127	92,284	30,190	-	-	-
-	1,023	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>744,462</u>	<u>138,345</u>	<u>30,190</u>	<u>11,223</u>	<u>-</u>	<u>7,710</u>
-	-	-	-	-	-
-	-	2,741	-	1,178	-
-	-	-	-	-	-
<u>774,658</u>	<u>342,900</u>	<u>44,277</u>	<u>27,064</u>	<u>24,308</u>	<u>16,453</u>
11,979	(13,608)	911	313	10,351	678
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,979	(13,608)	911	313	10,351	678
(3,194)	15,278	8,046	-	(11,341)	-
<u>8,785</u>	<u>1,670</u>	<u>8,957</u>	<u>313</u>	<u>(990)</u>	<u>678</u>

(Continued)

**OLENTANGY LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, Continued
YEAR ENDED JUNE 30, 2004**

SPECIAL REVENUE FUNDS				
	E-RATE GRANT	TITLE II-A	OTHER FEDERAL GRANTS	FOOD SERVICE
REVENUES:				
Intergovernmental:				
Federal restricted grants-in-aid	\$ -	125,446	9,554	482,877
State restricted grants-in-aid	-	-	-	5,224
Food Service	-	-	-	2,558,852
Investment Income	-	-	-	5,322
Co-curricular activities	-	-	-	-
Other	72,683	4,000	-	2,130
TOTAL REVENUES	72,683	129,446	9,554	3,054,405
EXPENDITURES:				
Current:				
Instructional services:				
Regular	-	-	-	-
Special	-	-	-	-
Vocational	-	-	2,656	-
Total Instructional Services	-	-	2,656	-
Support services:				
Operation and maintenance	66,738	-	-	-
School administration	-	-	-	-
Pupils	-	-	-	-
Instructional Staff	-	83,072	17,016	-
General Administration	-	-	-	-
Food Service	-	-	-	2,983,685
Central services	-	-	-	-
Total Support Services	66,738	83,072	17,016	2,983,685
Co-curricular student activities	-	-	-	-
Community services	-	805	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	66,738	83,877	19,672	2,983,685
Excess (deficiency) of revenues over expenditures	5,945	45,569	(10,118)	70,720
OTHER FINANCING SOURCES -				
Transfers in	-	6,056	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	6,056	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	5,945	51,625	(10,118)	70,720
FUND BALANCE AT BEGINNING OF YEAR	111,239	(8,739)	12,768	446,093
FUND BALANCE AT END OF YEAR	\$ 117,184	42,886	2,650	516,813

OLENTANGY LOCAL SCHOOL DISTRICT

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PERMANENT IMPROVEMENT FUND	SCHOOL NET FUND		
1,853,495	-	-	-	1,853,495
640,714	-	-	-	640,714
2,558,852	-	-	-	2,558,852
6,133	-	-	-	6,133
746,666	-	-	-	746,666
277,877	-	-	-	277,877
<u>6,083,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,083,737</u>
306,914	-	-	-	306,914
269,995	-	-	-	269,995
2,656	-	-	-	2,656
<u>579,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,565</u>
73,560	-	-	-	73,560
4,193	-	-	-	4,193
761,113	-	440	440	761,553
311,706	-	-	-	311,706
1,023	-	-	-	1,023
2,983,685	-	-	-	2,983,685
102,713	-	-	-	102,713
<u>4,237,993</u>	<u>-</u>	<u>440</u>	<u>440</u>	<u>4,238,433</u>
746,221	-	-	-	746,221
396,731	-	-	-	396,731
31,870	112,537	-	112,537	144,407
<u>5,992,380</u>	<u>112,537</u>	<u>440</u>	<u>112,977</u>	<u>6,105,357</u>
91,357	(112,537)	(440)	(112,977)	(21,620)
27,106	-	-	-	27,106
<u>(27,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,106)</u>
-	-	-	-	-
91,357	(112,537)	(440)	(112,977)	(21,620)
1,159,931	229,723	440	230,163	1,390,094
<u>1,251,288</u>	<u>117,186</u>	<u>-</u>	<u>117,186</u>	<u>1,368,474</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
Public School Support			
Total Revenues and Other Sources	\$ 105,800	113,437	7,637
Total Expenditures and Other Uses	209,667	132,177	77,490
Net Change in Fund Balance	(103,867)	(18,740)	85,127
Fund Balance, July 1	156,596	156,596	-
Prior Year Encumbrances Appropriated	11,076	11,076	-
Fund Balance, June 30	<u>\$ 63,805</u>	<u>148,932</u>	<u>85,127</u>
Grants-Local Sources			
Total Revenues and Other Sources	\$ 47,400	44,291	(3,109)
Total Expenditures and Other Uses	101,378	85,248	16,130
Net Change in Fund Balance	(53,978)	(40,957)	13,021
Fund Balance, July 1	233,225	233,225	-
Prior Year Encumbrances Appropriated	3,244	3,244	-
Fund Balance, June 30	<u>\$ 182,491</u>	<u>195,512</u>	<u>13,021</u>
District-Managed Student Activities			
Total Revenues and Other Sources	\$ 415,110	407,475	(7,635)
Total Expenditures and Other Uses	513,055	373,913	139,142
Net Change in Fund Balance	(97,945)	33,562	131,507
Fund Balance, July 1	60,902	60,902	-
Prior Year Encumbrances Appropriated	15,232	15,232	-
Fund Balance, June 30	<u>\$ (21,811)</u>	<u>109,696</u>	<u>131,507</u>
Other Local Sources			
Total Revenues and Other Sources	\$ 460,298	435,947	(24,351)
Total Expenditures and Other Uses	486,574	433,044	53,530
Net Change in Fund Balance	(26,276)	2,903	29,179
Fund Balance, July 1	61,951	61,951	-
Prior Year Encumbrances Appropriated	3,395	3,395	-
Fund Balance, June 30	<u>\$ 39,070</u>	<u>68,249</u>	<u>29,179</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
Auxiliary Services			
Total Revenues and Other Sources	\$ 335,809	327,761	(8,048)
Total Expenditures and Other Uses	<u>337,267</u>	<u>401,432</u>	<u>(64,165)</u>
Net Change in Fund Balance	(1,458)	(73,671)	(72,213)
Fund Balance, July 1	5,307	5,307	-
Prior Year Encumbrances Appropriated	<u>152,916</u>	<u>152,916</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 156,765</u>	<u>84,552</u>	<u>(72,213)</u>
Teacher Development Grants			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	<u>545</u>	<u>273</u>	<u>272</u>
Net Change in Fund Balance	(545)	(273)	272
Fund Balance, July 1	273	273	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (272)</u>	<u>-</u>	<u>272</u>
EMIS Grants			
Total Revenues and Other Sources	\$ -	30,713	30,713
Total Expenditures and Other Uses	<u>-</u>	<u>30,713</u>	<u>(30,713)</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
Onenet Network Connectivity			
Total Revenues and Other Sources	\$ 36,000	36,000	-
Total Expenditures and Other Uses	<u>72,000</u>	<u>72,000</u>	<u>-</u>
Net Change in Fund Balance	(36,000)	(36,000)	-
Fund Balance, July 1	36,000	36,000	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
School Net Professional Development			
Total Revenues and Other Sources	\$ 4,140	4,140	-
Total Expenditures and Other Uses	8,740	4,600	4,140
Net Change in Fund Balance	(4,600)	(460)	4,140
Fund Balance, July 1	4,600	4,600	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	4,140	4,140
Entry Year Grant			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	28	74	(46)
Net Change in Fund Balance	(28)	(74)	(46)
Fund Balance, July 1	74	74	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 46	-	(46)
Ohio Reads			
Total Revenues and Other Sources	\$ 10,000	10,000	-
Total Expenditures and Other Uses	10,000	10,000	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	-	-
Summer Intervention Grant			
Total Revenues and Other Sources	\$ 127,943	127,943	-
Total Expenditures and Other Uses	127,943	127,943	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	-	-

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
Other State Grants			
Total Revenues and Other Sources	\$ 22,922	47,522	24,600
Total Expenditures and Other Uses	24,928	47,522	(22,594)
Net Change in Fund Balance	(2,006)	-	2,006
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ (2,006)</u>	<u>-</u>	<u>2,006</u>
Federal Excellence Grants-Title-II			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	6,057	6,057	-
Net Change in Fund Balance	(6,057)	(6,057)	-
Fund Balance, July 1	6,057	6,057	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
Title VI-B Grants			
Total Revenues and Other Sources	\$ 793,266	341,121	(452,145)
Total Expenditures and Other Uses	803,219	796,621	6,598
Net Change in Fund Balance	(9,953)	(455,500)	(445,547)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	10,003	10,003	-
Fund Balance, June 30	<u>\$ 50.00</u>	<u>(445,497)</u>	<u>(445,547)</u>
Title I - Grants			
Total Revenues and Other Sources	\$ 470,510	377,291	(93,219)
Total Expenditures and Other Uses	499,422	422,991	76,431
Net Change in Fund Balance	(28,912)	(45,700)	(16,788)
Fund Balance, July 1	2,514	2,514	-
Prior Year Encumbrances Appropriated	17,267	17,267	-
Fund Balance, June 30	<u>\$ (9,131.00)</u>	<u>(25,919)</u>	<u>(16,788)</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
Title V Grants			
Total Revenues and Other Sources	\$ 59,050	56,263	(2,787)
Total Expenditures and Other Uses	68,000	62,015	5,985
Net Change in Fund Balance	(8,950)	(5,752)	3,198
Fund Balance, July 1	2,329	2,329	-
Prior Year Encumbrances Appropriated	3,423	3,423	-
Fund Balance, June 30	\$ (3,198)	-	3,198
Title III - Grants			
Total Revenues and Other Sources	\$ 24,004	27,077	3,073
Total Expenditures and Other Uses	24,004	27,077	(3,073)
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	-	-
Safe and Drug Free Schools Grant			
Total Revenues and Other Sources	\$ 39,914	38,504	(1,410)
Total Expenditures and Other Uses	24,928	42,704	(17,776)
Net Change in Fund Balance	14,986	(4,200)	(19,186)
Fund Balance, July 1	1,630	1,630	-
Prior Year Encumbrances Appropriated	2,570	2,570	-
Fund Balance, June 30	\$ 19,186	-	(19,186)
Education of the Handicapped Preschool Grant			
Total Revenues and Other Sources	\$ 17,131	17,131	-
Total Expenditures and Other Uses	17,131	17,055	76
Net Change in Fund Balance	-	76	76
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	76	76

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget</u>
SPECIAL REVENUE FUNDS			
E-rate			
Total Revenues and Other Sources	\$ 35,000	88,284	53,284
Total Expenditures and Other Uses	110,520	66,858	43,662
Net Change in Fund Balance	(75,520)	21,426	96,946
Fund Balance, July 1	95,118	95,118	-
Prior Year Encumbrances Appropriated	520	520	-
Fund Balance, June 30	<u>\$ 20,118</u>	<u>117,064</u>	<u>96,946</u>
Title II-A Grant			
Total Revenues and Other Sources	\$ 193,393	160,639	(32,754)
Total Expenditures and Other Uses	239,574	180,422	59,152
Net Change in Fund Balance	(46,181)	(19,783)	26,398
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	46,407	46,407	-
Fund Balance, June 30	<u>\$ 226</u>	<u>26,624</u>	<u>26,398</u>
Other Federal Grants			
Total Revenues and Other Sources	\$ 10,208	9,989	(219)
Total Expenditures and Other Uses	29,168	22,124	7,044
Net Change in Fund Balance	(18,960)	(12,135)	6,825
Fund Balance, July 1	12,464	12,464	-
Prior Year Encumbrances Appropriated	630	630	-
Fund Balance, June 30	<u>\$ (5,866)</u>	<u>959</u>	<u>6,825</u>
Food Service			
Total Revenues and Other Sources	\$ 2,651,000	2,842,213	191,213
Total Expenditures and Other Uses	2,722,069	2,701,896	20,173
Net Change in Fund Balance	(71,069)	140,317	211,386
Fund Balance, July 1	494,525	494,525	-
Prior Year Encumbrances Appropriated	4,292	4,292	-
Fund Balance, June 30	<u>\$ 427,748</u>	<u>639,134</u>	<u>211,386</u>

OLENTANGY LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Revised Budget	Actual	Variance with Revised Budget
CAPITAL PROJECTS FUNDS			
Permanent Improvement Fund			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	158,772	161,929	(3,157)
Net Change in Fund Balance	(158,772)	(161,929)	(3,157)
Fund Balance, July 1	187,467	187,467	-
Prior Year Encumbrances Appropriated	59,495	59,495	-
Fund Balance, June 30	\$ 88,190	85,033	(3,157)
School Net			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	440	440	-
Net Change in Fund Balance	(440)	(440)	-
Fund Balance, July 1	440	440	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	-	-

OLENTANGY LOCAL SCHOOL DISTRICT

Fiduciary Fund Type

Trust and Agency Funds

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

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

Private Purpose Trust Fund - A trust fund to account for assets held in a trust that were created by scholarship trust agreements, whereby income of those assets held is used for student scholarships.

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

OLENTANGY LOCAL SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Balance at <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>June 30, 2004</u>
ASSETS:				
Cash and investments	\$ 214,776	637,968	620,964	231,780
Receivables	1,091	100	1,091	100
TOTAL ASSETS	\$ <u>215,867</u>	<u>638,068</u>	<u>622,055</u>	<u>231,880</u>
LIABILITIES:				
Accounts payable	\$ 8,211	5,466	8,211	5,466
Due to others	207,656	226,414	207,656	226,414
TOTAL LIABILITIES	\$ <u>215,867</u>	<u>231,880</u>	<u>215,867</u>	<u>231,880</u>

OLENTANGY LOCAL SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2004

	Revised Budget	Actual	Variance with Revised Budget
FIDUCIARY FUND			
Private Purpose Trust Fund			
Total Revenues and Other Sources	\$ -	152	152
Total Expenditures and Other Uses	1,000	1,000	-
<hr/>			
Net Change in Fund Balance	(1,000)	(848)	152
Fund Balance, July 1	22,095	22,095	-
Prior Year Encumbrances Appropriated	-	-	-
<hr/>			
Fund Balance, June 30	\$ 21,095	21,247	152
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Table 1

OLENTANGY LOCAL SCHOOL DISTRICT
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

CASH BASIS

<u>Fiscal Years</u>	<u>Instructional Services</u>	<u>Support Services</u>	<u>Co-Curricular</u>	<u>Community Service</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1995	8,432,821	6,229,438	392,233	2,497	1,617,124	13,310,005	29,984,118
MODIFIED ACCRUAL BASIS							
1996	10,132,714	7,169,061	470,041	48,570	18,508,907	4,645,184	40,974,477
1997	12,373,519	8,176,477	551,348	139,305	7,430,812	4,671,284	33,342,745
1998	14,653,258	9,335,112	626,628	130,575	16,126,782	21,660,198	62,532,553
1999	16,259,697	10,699,961	642,359	261,490	6,905,393	5,423,373	40,192,273
2000	19,130,143	12,106,046	819,914	160,072	11,762,822	6,085,726	50,064,723
2001	23,181,018	15,630,713	880,653	343,761	25,933,739	24,915,950	90,885,834
2002	28,151,589	20,757,652	1,155,611	239,522	22,092,229	40,218,307	112,614,910
2003 (2)	33,136,940	26,531,349	1,723,783	387,276	57,848,352	12,920,248	132,547,948
2004 (2)	43,383,272	32,658,638	2,374,907	398,343	19,495,419	13,885,449	112,196,028

Note:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Fund. Prior to July 1995, all statements were issued on a cash basis.

(2) In 2003, funds previously reported as Enterprise Funds are now reported as Special Revenue Funds and are included in this table.

Source:

Office of the Treasurer, Olentangy Local School District

Table 2

OLENTANGY LOCAL SCHOOL DISTRICT
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

CASH BASIS

<u>Fiscal Years</u>	<u>Property Taxes</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Investment Income</u>	<u>Food Service</u>	<u>Co-curricular Activities</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
1995	17,054,672	3,016,506	212,490	959,656	Note (2)	154,086	22,611	153,002	21,573,023
MODIFIED ACCRUAL BASIS									
1996	19,034,353	3,843,653	184,415	1,680,964	Note (2)	155,517	8,828	174,424	25,082,154
1997	21,726,869	3,863,858	279,712	1,085,128	Note (2)	208,073	20,063	255,811	27,439,514
1998	23,583,091	4,370,026	296,640	1,548,163	Note (2)	215,714	27,009	392,849	30,433,492
1999	29,566,893	5,245,586	368,751	784,125	Note (2)	234,953	40,082	305,161	36,545,551
2000	34,327,453	5,984,204	313,463	2,185,069	Note (2)	289,418	48,618	469,820	43,618,045
2001	45,741,420	7,279,328	705,011	2,931,925	Note (2)	324,723	94,058	465,109	57,541,574
2002	56,360,993	8,212,894	762,370	1,603,859	Note (2)	361,028	101,432	347,143	67,749,719
2003	55,218,875	10,279,466	987,165	1,374,433	2,078,292	571,257	227,980	582,526	71,319,994
2004	53,029,792	12,243,660	1,860,824	427,295	2,558,852	746,666	323,665	670,651	71,861,405

Note:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds. Prior to July 1, 1995, all statements were issued on a cash basis.

(2) In 2003, funds previously reported as Enterprise Funds are now reported as Special Revenue Funds and are included in this table.

Source:

Office of the Treasurer, Olentangy Local School District

Table 3

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

Collection Year	Total Tax Levy	Current Tax Collections	% of Levy Collected	Delq. Tax Collections	Total Tax Collections	% of Tax Collection to Levy
1994	13,895,949	13,661,416	98.31%	815,096	14,476,512	104.18%
1995	16,757,529	16,552,769	98.78%	539,475	17,092,244	102.00%
1996	17,617,722	17,417,744	98.86%	487,661	17,905,405	101.63%
1997	23,427,593	22,936,246	97.90%	619,582	23,555,828	100.55%
1998	27,767,013	27,354,395	98.51%	734,422	28,088,817	101.16%
1999	30,032,686	29,478,681	98.16%	1,041,221	30,519,902	101.62%
2000	43,991,457	43,420,766	98.70%	810,788	44,231,554	100.55%
2001	49,769,612	48,562,867	97.58%	1,167,949	49,730,816	99.92%
2002	51,455,151	51,396,125	99.89%	2,169,730	53,565,855	104.10%
2003	58,358,353	57,159,636	97.95%	2,088,809	59,248,445	101.53%

Note:

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

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

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

Tax Year	Real Estate			Tangible Personal			Public Utility			Total		
	Assessed Value \$	Actual Value \$	Estimated Value %	Assessed Value \$	Actual Value \$	Estimated Value %	Assessed Value \$	Actual Value \$	Estimated Value %	Assessed Value \$	Actual Value \$	Estimated Value %
1994	35%	435,949,840	1,245,570,971	25%	31,998,242	127,992,968	35%	53,317,830	152,336,657	521,265,912	1,525,900,596	
1995	35%	493,947,630	1,411,278,943	25%	31,998,242	127,992,968	35%	54,670,520	156,201,486	580,616,392	1,695,473,397	
1996	35%	553,234,670	1,580,670,486	25%	35,587,694	142,350,776	35%	51,607,800	147,450,857	640,430,164	1,870,472,119	
1997	35%	699,615,650	1,998,901,857	25%	47,115,866	188,463,464	35%	51,861,030	148,174,371	798,592,546	2,335,539,692	
1998	35%	770,133,530	2,200,381,514	25%	44,953,984	179,815,936	35%	53,958,310	154,166,600	869,045,824	2,534,364,050	
1999	35%	883,942,390	2,525,549,686	25%	67,767,810	271,071,240	35%	56,209,140	160,597,543	1,007,919,340	2,957,218,469	
2000	35%	1,119,499,810	3,198,570,886	25%	80,381,764	321,527,056	35%	58,289,990	166,542,829	1,258,171,564	3,686,640,771	
2001	35%	1,314,040,180	3,754,400,514	25%	100,711,129	402,844,516	35%	57,814,390	165,183,971	1,472,565,699	4,322,429,001	
2002	35%	1,377,776,500	3,936,504,286	25%	109,991,816	439,967,264	35%	45,782,250	130,806,429	1,533,550,566	4,507,277,979	
2003	35%	1,707,103,130	4,877,437,514	25%	134,155,435	536,621,740	35%	70,270,560	200,773,029	1,911,529,125	5,614,832,283	
2004	35%	1,895,427,780	5,415,507,943	25%	106,351,884	425,407,536	35%	70,689,690	201,970,543	2,072,469,354	6,042,886,022	

Source: Office of Auditor, Delaware County, Ohio

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

Tax Year/ Collection Year	Delaware County	Delaware JVS	Delaware Library	Westerville Corp.	Columbus Corp./Orange Township	Olentangy Local School District			Total
						/-----Voted-----/ Gen. Fund	Bond	Unvoted	
1993/1994	6.62	2.57	0.40	0.00	0.00	31.40	4.40	5.00	40.80
1994/1995	7.12	2.50	0.40	0.00	6.60	31.40	7.45	5.00	43.85
1995/1996	7.12	2.50	0.37	13.89	0.00	31.40	6.85	5.00	43.25
1996/1997	6.12	4.40	0.29	14.17	0.00	31.40	4.61	5.00	41.01
1997/1998	6.12	3.40	0.31	14.14	0.00	31.40	6.44	5.00	42.84
1998/1999	6.12	3.40	0.29	14.10	6.10	31.40	5.17	5.00	41.57
1999/2000	6.72	3.40	0.24	14.02	6.10	38.60	6.17	5.00	49.77
2000/2001	5.92	3.40	0.19	13.99	6.10	38.60	6.20	5.00	49.80
2001/2002	5.61	3.20	0.18	13.95	11.75	38.60	6.20	5.00	49.80
2002/2003	5.61	3.20	0.15	17.85	12.15	38.60	6.96	5.00	50.56
2003/2004	5.61	3.20	0.12	17.51	14.55	38.60	6.90	5.00	50.50

Source: Office of Auditor, Delaware County, Ohio
Data provided on a collection year basis, the manner in which it is maintained by the County Auditor.

OLENTANGY LOCAL SCHOOL DISTRICT

Table 5

Berkshire Township	Berlin Township	Concord Township	Delaware Township	Genoa Township	Powell Corp.	Liberty Township	Orange Township	Columbus Corp.	Delaware Corp.
3.50	6.80	13.40	7.30	10.70	1.20	6.30	7.30	0.60	0.00
3.50	6.80	13.40	6.80	10.70	2.54	6.30	7.30	2.10	2.70
3.50	6.60	13.40	6.80	10.70	2.04	6.30	6.80	2.10	2.10
3.50	6.60	13.40	7.30	11.20	2.12	6.30	6.80	2.10	2.10
3.50	4.80	13.40	7.30	11.20	3.09	6.80	6.80	2.10	2.10
3.50	4.80	13.40	7.30	11.20	2.93	6.80	6.80	2.10	2.10
3.50	4.80	12.00	7.30	10.80	3.09	7.63	6.80	2.10	2.10
3.50	4.80	12.00	7.30	12.80	5.22	7.12	12.45	2.10	2.10
3.50	4.80	12.00	7.30	12.80	3.13	7.45	12.45	2.10	2.10
3.50	5.30	12.00	7.30	12.80	5.30	9.40	12.85	2.10	2.10
3.50	5.30	12.00	7.30	12.80	4.95	9.32	15.25	2.10	2.10

Table 6

**OLENTANGY LOCAL SCHOOL DISTRICT
Principal Property Taxpayers**

Real Property (2004 collection year)

<u>Name</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation *</u>
1 Banc One Management Corporation	\$ 15,090,250	0.73%
2 Kroger Company	12,020,995	0.58%
3 NP Limited Partnership	11,532,430	0.56%
4 M/I Homes of Central Ohio	11,050,060	0.53%
5 National Mutual Insurance Company	9,038,085	0.44%
6 Tuller Square Northpointe LLC	8,185,415	0.39%
7 Knickerbocker Properties	7,571,130	0.37%
8 Dominion Homes Inc.	7,099,365	0.34%
9 8355 Highfield drive	6,150,130	0.30%
10 Rennob, Inc.	5,606,545	0.27%

Tangible Personal Property (2004 collection year)

1) Banc One Corporation Mortgage Corp	4,675,360	0.23%
2) Rockwell International	3,907,430	0.19%
3) ATS Ohio, Inc.	3,273,710	0.16%
4) McGraw Hill Companies, Inc	2,749,560	0.13%
5) May Department Stores	2,469,530	0.12%
6) Trucco Construction Co, Inc	2,276,420	0.11%
7) Meijer Stores LTD Ptshp	2,234,560	0.11%
8) Abrasive Technology	2,211,920	0.11%
9) Tamarkin Company	1,996,190	0.10%
10) Excel Logistics	1,963,650	0.09%

Public Utility (2003 collection year)

1) Columbus Southern Power	42,255,973	2.04%
2) American Transmissions Systems Inc.	6,159,920	0.30%
3) Verizon North, Inc.	4,136,528	0.20%
4) Ohio Bell Telephone Co.	3,390,832	0.16%
5) Columbia Gas of Ohio	2,024,600	0.10%
6) Ohio Power Company	1,780,790	0.09%
7) Norfolk Southern Combined Railroad-SUBS.	1,304,156	0.06%
8) CSX Transportation Inc.	1,190,210	0.06%
9) Ohio Edison Co	1,100,127	0.05%
10) Suburban Natural Gas CO	970,081	0.05%

TOTAL PRINCIPAL TAXPAYERS	\$ 185,415,952	8.95%
ALL OTHERS	\$ 1,887,053,402	91.05%
TOTAL ASSESSED VALUATION	<u>\$ 2,072,469,354</u>	<u>100.00%</u>

*Percent based on Collection Year 2004 Assessed Valuation

Source: Office of the Auditor, Delaware County, Ohio

OLENTANGY LOCAL SCHOOL DISTRICT
Computation of Legal Debt Margin
June 30, 2004

Total Assessed Valuation (1)	\$ 2,072,469,354
------------------------------	------------------

OVERALL DEBT LIMITATION

9 % of assessed valuation (2)	<u>439,378,758</u>
Gross indebtedness	247,141,777
Less: Debt outside limitations	<u>-</u>
Debt subject to 9% limitations	247,141,777
Less: Debt service fund balance	<u>-</u>
Net debt subject to limitations (4)	<u>247,141,777</u>
Legal debt margin within 9% limitation	<u><u>\$ 192,236,981</u></u>

UNVOTED DEBT LIMITATION

.1% of assessed valuation (3)	<u>\$ 2,072,469</u>
Gross indebtedness	-
Less: Debt outside limitations	<u>-</u>
Debt subject to limitations	<u>-</u>
Legal debt margin within .1% limitation	<u><u>\$ 2,072,469</u></u>

Note: (1) Assessed valuation from table 4.

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

(3) Amount is greater than .1% due to District being approved as a "special needs district". See (2) above.

(4) Excludes accretion of deep discount debt in accordance with state law.

Source: Office of the Treasurer, Olentangy Local School District

OLENTANGY LOCAL SCHOOL DISTRICT
Ratio of Net General Debt
to Assessed Value and Debt per Capita (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Assessed Value Real & Personal Property (2)</u>	<u>General Debt (3)</u>	<u>Ratio of General Debt to Assessed Value</u>	<u>General Debt Per Capita</u>
1995	19,462	580,616,392	50,906,750	0.0877	2,616
1996	21,409	640,430,164	48,966,750	0.0765	2,287
1997	23,550	798,592,546	64,181,750	0.0804	2,725
1998	24,514	869,045,824	62,921,750	0.0724	2,567
1999	27,634	1,007,919,340	87,931,019	0.0872	3,182
2000	32,182	1,258,171,564	101,849,019	0.0810	3,165
2001	38,773	1,472,565,699	98,329,377	0.0668	2,536
2002	45,422	1,533,550,566	152,678,010	0.0996	3,361
2003	49,024	1,911,529,125	188,968,533	0.0989	3,855
2004	52,399	2,072,469,354	247,141,777	0.1192	4,717

Notes:

(1) Census for the Olentangy Local School District as such was not available between 1993 and 2001. Information relating to the City of Powell, Liberty, Berlin and Orange Townships, (each of which is located substantially within the School District) was used to calculate this estimate. Starting in 2002 Delaware County began estimating population for the school district. The population reported is the estimated amount for the calendar year. Information obtained from Delaware County Regional Planning.

(2) Assessed value from Table 4.

(3) Office of the Treasurer, Olentangy Local School District, excludes accretion of deep discount debt in accordance with state law.

Source: Office of the Treasurer, Olentangy Local School District

OLENTANGY LOCAL SCHOOL DISTRICT
Ratio of Annual General Obligation Bonded Debt Service Expenditures
to Total General Governmental Expenditures
Last Ten Years

<u>Fiscal Years</u>	<u>Total Debt Repayment (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of General Obligation Bond Debt Service to Total General Governmental Expenditures</u>
1995	13,310,005	29,984,118	0.4439
1996	4,645,184	40,974,477	0.1134
1997	4,671,284	33,342,745	0.1401
1998	21,660,198	62,532,553	0.3464
1999	5,423,373	40,192,273	0.1349
2000	6,085,726	50,064,723	0.1216
2001	24,915,950	90,885,834	0.2741
2002	40,130,023	112,614,910	0.3563
2003	12,920,248	132,547,948	0.0975
2004	13,885,449	112,196,028	0.1238

Note:

- (1) Bond Anticipation Notes (BANs) were issued against 1994, 1997, 2000 and 2002 bond issues. The notes were issued and repaid with bond proceeds during fiscal years 1995, 1998, 2001 and 2002.
- (2) General governmental expenditures include all governmental fund types' expenditures. Fiscal years 1993-95 reported on a cash basis; whereas, 1996-2001 reported on a modified accrual basis.

Source: Office of the Treasurer, Olentangy Local School District

OLENTANGY LOCAL SCHOOL DISTRICT
Computation of Direct and Overlapping Debt
June 30, 2003

<u>Overlapping Units</u>	Estimate Outstanding Debt	Percent Overlapping	Applicable to Olentangy Local School District
Delaware County	\$ 56,452,000	44.67%	\$ 25,217,108
Franklin County	135,155,000	0.11%	148,671
City of Columbus	674,010,000	1.47%	9,907,947
City of Delaware	31,700,000	9.20%	2,916,400
City of Powell	28,660,000	100.00%	28,660,000
City of Westerville	28,699,000	1.85%	530,932
Concord Township	158,885	12.49%	19,845
Liberty Township	5,894,984	99.85%	5,886,142
Delaware Co. Library	654,517	60.91%	398,666
	<u>961,384,386</u>		<u>73,685,711</u>
Olentangy Local School District	<u>245,601,776</u>	100.00%	<u>245,601,776</u>
	Total \$ <u>1,206,986,162</u>		\$ <u>319,287,487</u>

Source: Ohio Municipal Advisory Council July 1, 2004

**Olentangy Local School District
Demographic Statistics
Enrollment Data (1)
Last Ten Years**

Year	Elementary Schools Enrollment	Middle School Enrollment	High School Enrollment	Total School Enrollment
1995	1,567	709	774	3,050
1996	1,797	799	864	3,460
1997	1,962	878	992	3,832
1998	2,260	986	1,092	4,338
1999	2,678	1,136	1,157	4,971
2000	3,005	1,200	1,284	5,489
2001	3,497	1,387	1,461	6,345
2002	3,798	1,458	1,546	6,802
2003	4,162	1,683	1,703	7,548
2004	4,736	1,878	1,968	8,582

Source: Olentangy Local School District

(1) Enrollment the last day of the school year

OLENTANGY LOCAL SCHOOL DISTRICT
New Construction, Bank Deposits and Real Property Values
Last Ten Years

Table 12

Collection Year	New Construction - Entire Delaware County (1)			Bank Deposits (2)	Real Property Values - Entire Delaware County (1)			
	Agricultural/ Residential	Commercial/ Industrial	Total		Agricultural/ Residential	Commercial/ Industrial	Public Utility	
1994	\$ 59,298,440	\$ 8,603,330	\$ 67,901,770	\$ 229,752,000	\$ 1,077,547,670	\$ 192,574,140	\$	482,780
1995	73,919,490	14,552,460	88,471,950	243,856,000	1,173,077,910	203,241,190		420,570
1996	93,017,130	10,420,320	103,437,450	279,091,000	1,291,884,120	207,388,500		454,630
1997	84,307,140	29,649,640	113,956,780	322,576,000	1,572,128,350	263,777,690		636,330
1998	102,210,220	14,498,990	116,709,210	n/a	1,697,250,260	280,073,940		568,730
1999	118,504,620	28,453,030	146,957,650	n/a	1,851,792,270	322,212,030		600,800
2000	150,767,430	36,121,110	186,888,540	n/a	2,294,190,810	413,775,480		636,430
2001	178,842,590	73,596,520	252,439,110	n/a	2,504,397,000	509,803,270		588,580
2002	187,150,890	27,990,800	215,141,690	n/a	2,753,065,960	455,986,150		556,950
2003	192,299,860	28,594,740	220,894,600	n/a	3,302,791,850	551,294,680		560,650

Sources: (1) Office of the County Auditor, Delaware County, Ohio.

(2) State of Ohio, Department of Commerce, Banks Division. Total deposits of all banks headquartered in Delaware County.

n/a Not available

**OLENTANGY LOCAL SCHOOL DISTRICT
Miscellaneous Statistics**

Date of Incorporation	1952
Enrollment - June 2004	8,582
Staff - June 2004	
Certified	620
Classified	384
Total	<u>1004</u>

Buildings:	
High School	2
Middle School	2
Elementary School	8
Bus Compound	1
Maintenance Facility	1

	<u>Olentangy</u>	<u>State Average</u>
Expenditure Per Pupil - FY04	\$ 9,053	\$ 8,768

Standardized Test Scores:	<u>Olentangy</u>	<u>Ohio</u>	<u>Nation</u>
2003-04 American College Test (ACT) Composite	22.9	21.4	20.9
2003-04 Scholastic Aptitude Test (SAT) Average			
Verbal	528	538	508
Math	542	518	518

Advanced Placement Course Participation:	
(% of Juniors/Seniors)	
2002-03	28.0%
2003-04	33.0%

National Merit Scholars	<u># Commended</u>	<u># Semi-Final/Finalists</u>	<u>Total</u>
2003-04	9	2	11

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

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

For the year ended June 30, 2004

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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROLS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the Olentangy Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 19, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 19, 2004.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
November 19, 2004



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

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

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

Internal Control over Compliance

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

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

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

Schedule of Receipts and Expenditures of Federal Awards

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
November 19, 2004

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

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2004

<u>Federal grantor/Pass through grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>Agency or pass through number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Pass-through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550		\$	240,246		248,583
National School Lunch Program	10.555	046763 LL	259,751	-	259,751	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>259,751</u>	<u>240,246</u>	<u>259,751</u>	<u>248,583</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Pass-through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education--Grants to States--Title VI-B	84.027	046763 6B	341,071	-	782,515	-
Special Education--Preschool Grants	84.173	046763 PG	17,131	-	12,690	-
Total - Special Education Cluster			<u>358,202</u>	<u>-</u>	<u>795,205</u>	<u>-</u>
Title I Grants to Local Education Agencies	84.010	046763 C1	312,467	-	275,208	-
Safe and Drug Free Schools -- State Grant	84.186	046763 DR	34,659	-	24,588	-
Innovative Education Program Strategy	84.298	046763 C2	43,145	-	19,103	-
Title II-D -- Technology Fund	84.318	046763 TJ	9,554	-	7,120	-
Comprehensive School Reform Demonstration Grant	84.332	046763 RF	39,948	-	41,054	-
Title III	84.365	046763 T3	8,846	-	26,703	-
Title II-A -- Improving Teacher Quality	84.367	046763 TR	144,816	-	62,982	-
Total U.S. Department of Education			<u>951,637</u>	<u>-</u>	<u>1,251,963</u>	<u>-</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>						
<i>Pass-through Ohio Emergency Management Agency:</i>						
Disaster Assistance	83.544	FEMA-1453-DR	6,074	-	6,074	
Total Corp. for National and Community Service			<u>6,074</u>	<u>-</u>	<u>6,074</u>	<u>-</u>
<u>CORP. FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Pass-through Ohio Department of Education:</i>						
Learn and Serve America	94.004	046763 SV-S3	-	-	2,983	
Total Corp. for National and Community Service			<u>-</u>	<u>-</u>	<u>2,983</u>	<u>-</u>
Total Receipts and Expenditures of Federal Awards			\$ #####	240,246	1,520,771	248,583

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

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

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

June 30, 2004

(1) General

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

(2) Basis of Accounting

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

(3) Noncash Programs

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

(4) Revenue

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

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

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

JUNE 30, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Part B-IDEA CFDA # 84.027, Preschool Grants CFDA #84.173 Nutrition Cluster: Food Distribution CFDA #10.550 National School Lunch Program CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**OLENTANGY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2005**