

**TROTWOOD-MADISON CITY
SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SUPPLEMENTAL REPORTS

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

DIANA C. WHITT, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Trotwood-Madison City School District
444 South Broadway
Trotwood, Ohio 45426

We have reviewed the *Independent Auditor's Report* of the Trotwood-Madison City School District, Montgomery County, prepared by Julian and Grube, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 10, 2007

This Page is Intentionally Left Blank.

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards	1
Schedule of Receipts and Expenditures of Federal Awards	2 - 3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	4 - 5
Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	6 - 7
Schedule of Findings <i>OMB Circular A-133 §.505</i>	8 - 9
Status of Prior Audit Findings <i>OMB Circular A-133 § .505</i>	10

This Page is Intentionally Left Blank.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditors' Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards

Board of Education
Trotwood-Madison City School District
444 South Broadway St.
Trotwood, Ohio 45426

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated December 14, 2006. As disclosed in Note 19 to the financial statements, the District restated capital assets due to obtaining an appraisal report. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by *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 whole.

Julian & Grube, Inc.
December 14, 2006

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(C) Food Donation	10.550	N/A	\$ -	\$ 77,983	\$ -	\$ 77,983
Total Food Donation			-	77,983	-	77,983
Nutrition Cluster:						
(A) (D) School Breakfast Program	10.553	048694-05PU-2004	6,617	-	6,617	-
(A) (D) School Breakfast Program	10.553	048694-05PU-2005	72,309	-	72,309	-
(A) (D) School Breakfast Program	10.553	048694-05PU-2006	229,739	-	229,739	-
Total School Breakfast Program			308,665	-	308,665	-
(A) (D) National School Lunch Program	10.555	048694-LLP4-2004	960	-	960	-
(A) (D) National School Lunch Program	10.555	048694-LLP4-2005	617	-	617	-
(A) (D) National School Lunch Program	10.555	048694-LLP4-2005	172,451	-	172,451	-
(A) (D) National School Lunch Program	10.555	048694-LLP1-2006	1,865	-	1,865	-
(A) (D) National School Lunch Program	10.555	048694-LLP4-2006	503,308	-	503,308	-
Total National School Lunch Program			679,201	-	679,201	-
(A) (D) Summer Food Service Program for Children	10.559	048694-23PU-2005	101,702	-	101,702	-
(A) (D) Summer Food Service Program for Children	10.559	048694-24PU-2005	11,872	-	11,872	-
(A) (D) Summer Food Service Program for Children	10.559	048694-24PU-2006	16,890	-	16,890	-
Total Summer Food Service Program for Children			130,464	-	130,464	-
Total Nutrition Cluster			1,118,330	-	1,118,330	-
Total U.S. Department of Agriculture			1,118,330	77,983	1,118,330	77,983
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
(F) Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2001	(57,110)	-	-	-
Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2004	-	-	19,643	-
Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2003	-	-	140,924	-
Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2005	110,273	-	139,182	-
Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2006	1,130,213	-	1,034,624	-
Total Title I Grants to Local Educational Agencies			1,183,376	-	1,334,373	-
Special Education Cluster:						
(B) Special Education Grants to States	84.027	048694-6BSF-2005	110,284	-	60,820	-
(B) Special Education Grants to States	84.027	048694-6BSF-2006	782,952	-	784,069	-
Total Special Education Grants to States			893,236	-	844,889	-
(B) (G) Special Education Preschool Grants	84.173	048694-PGS1-2005	(78)	-	386	-
(B) Special Education Preschool Grants	84.173	048694-PGS1-2006	8,243	-	8,172	-
Total Special Education Preschool Grants			8,165	-	8,558	-
Total Special Education Cluster			901,401	-	853,447	-
Safe and Drug-Free Schools and Communities State Grants	84.186	048694-DRS1-2005	998	-	1,349	-
Safe and Drug-Free Schools and Communities State Grants	84.186	048694-DRS1-2006	25,306	-	26,128	-
Total Safe and Drug-Free Schools and Communities State Grants			26,304	-	27,477	-
(H) GOALS 2000	84.276	048694-G2S2-2000	(136)	-	-	-
Total GOALS 2000			(136)	-	-	-
(I) State Grants for Innovative Programs	84.298	048694-C2S1-2005	(1,551)	-	1,549	-
State Grants for Innovative Programs	84.298	048694-C2S1-2006	12,409	-	11,756	-
Total State Grants for Innovative Programs			10,858	-	13,305	-
(J) Education Technology State Grants	84.318	048694-TJSL-2005	5,394	-	8,720	-
Education Technology State Grants	84.318	048694-TJSL-2006	12,296	-	12,102	-
Total Education Technology State Grants			17,690	-	20,822	-
Advanced Placement Program	84.330	AVTF-2004	104	-	-	-
Total Advanced Placement Program			104	-	-	-

continued...

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
Reading First State Grants	84.357	048694-RSS1-2005	\$ 162,814	\$ -	\$ 144,415	\$ -
Reading First State Grants	84.357	048694-RSS1-2006	1,135,932		1,080,881	
Total Reading First State Grants			<u>1,298,746</u>		<u>1,225,296</u>	
Improving Teacher Quality State Grants	84.367	048694-TRS1-2005	44,188		50,025	
Improving Teacher Quality State Grants	84.367	048694-TRS1-2006	229,063		275,743	
Total Improving Teacher Quality State Grants			<u>273,251</u>		<u>325,768</u>	
Hurricane Education Recovery	84.938	048694-HR01-2006	6,500		-	
Total Hurricane Education Recovery			<u>6,500</u>		<u>-</u>	
Total U.S. Department of Education			<u>3,718,094</u>		<u>3,800,488</u>	
Total Federal Financial Assistance			<u>\$ 4,836,424</u>	<u>\$ 77,983</u>	<u>\$ 4,918,818</u>	<u>\$ 77,983</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) Included as part of "Special Education Grant Cluster" in determining major programs.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) This schedule was prepared on the cash basis of accounting.
- (F) The amount of \$57,110 repaid to the Ohio Department of Education based upon the expiration of period of availability.
- (G) The amount of \$78 transferred to the next grant year based on Ohio Department of Education administrative action.
- (H) The amount of \$136 repaid to the Ohio Department of Education based upon the expiration of period of availability.
- (I) The amount of \$1,551 transferred to the next grant year based on Ohio Department of Education administrative action.
- (J) The amount of \$394 repaid to the Ohio Department of Education based upon the expiration of period of availability.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Basic Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Education
Trotwood-Madison City School District
444 South Broadway St.
Trotwood, OH 45426

We have audited financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, Montgomery County, (the "District") as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2006. As disclosed in Note 19 to the financial statements, the District restated capital assets due obtaining an appraisal report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated December 14, 2006.

Board of Education
Trotwood-Madison City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-TMCSD-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Trotwood-Madison City School District in a separate letter dated December 14, 2006.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 14, 2006



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Board of Education
Trotwood-Madison City School District
444 South Broadway St.
Trotwood, OH 45426

Compliance

We have audited the compliance of Trotwood-Madison City School District, Montgomery County (the "District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are 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 of America; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

Board of Education
Trotwood-Madison City School District

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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be 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.

This report is intended solely for the information of the Board of Education and management of the Trotwood-Madison City School District, 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.



Julian & Grube, Inc.
December 14, 2006

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Nutrition Cluster: School Breakfast Program: CFDA #10.553; National School Lunch Program: CFDA #10.555; Summer Food Service Program for Children: CFDA #10.559; Special Education Cluster: Special Education Grants to States: CFDA #84.027; Special Education Preschool Grants: CFDA #84.186
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2006-TMCSD-001

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

The following funds had appropriations (Board approved) that exceed the Official Certificate of Estimated Resources in noncompliance with Ohio Revised Code Section 5705.39:

<u>Nonmajor Funds:</u>	<u>Excess</u>
Food Service	\$ 105,618
District Managed Student Activity	3,479
Summer Intervention	52,351
IDEA - Part B	175,316
Title V - Innovative Education Programs	4,076
Drug-Free School Grant	895
IDEA - Preschool Grant	2,573
Improving Teacher Quality	73,229

With appropriations exceeding estimated resources the District is appropriating monies that have not been certified with the County Auditor.

We recommend that the District comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

Client Response: The District Treasurer is going to prepare modifications to amended certificates throughout the year and certify them to the County Auditor.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2006**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-TMCSO-001	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.	No	Not corrected; repeated as finding 2006-TMCSO-001.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2006



TROTWOOD-MADISON CITY SCHOOL DISTRICT
TROTWOOD, OHIO

Our Mission is 100% Student Success



**TROTWOOD-MADISON CITY SCHOOL DISTRICT
TROTWOOD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**PREPARED BY:
OFFICE OF THE TREASURER
DIANA WHITT, TREASURER**

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	vii
List of Principal Officials	xviii
Organizational Chart	xix
ASBO Certificate of Excellence in Financial Reporting	xx
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxi
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	20
Statement of Net Assets - Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Fiduciary Net Assets - Fiduciary Fund	24
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	25
Notes to the Basic Financial Statements	27
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	52
Notes to the Required Supplementary Information	53
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	59
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	64

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	69
Agency Fund:	
Statement of Changes in Assets and Liabilities	70
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Public School Support	71
Other Grants	72
Classroom Facilities Maintenance	73
Extracurricular Activities	74
Auxiliary Services	75
Management Information	76
Entry Year Programs	77
Data Communications Fund	78
School Net Professional Development	79
Ohio Reads	80
Summer School Subsidy	81
Reading Improvement Grant	82
Title VIB/Preschool	83
Title I	84
Title V	85
Drug-Free Schools	86
EHA Pre-School Grant	87
Title VI-R	88
Goals 2000	89
Food Service	90
Uniform School Supply	91
Poverty Based Aid	92
Debt Service	93
Classroom Facilities	94
Permanent Improvement Renewal	95
Permanent Improvement	96
SchoolNet Plus	97

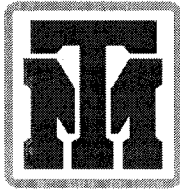
TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
STATISTICAL SECTION		
Net Assets by Component	1	100
Expenses, Program Revenues and Net (Expense)/Revenue	2	101
General Revenues and Total Change in Net Assets	3	102
Fund Balances, Governmental Funds	4	103
Governmental Funds Revenues	5	104
Governmental Funds Expenditures and Debt Service Ratio	6	105
Other Financing Sources and Uses and Net Change in Fund Balances	7	106
Assessed Value and Actual Value of Taxable Property	8	107
Direct and Overlapping Property Tax Rates	9	108
Principal Property Tax Payers	10	109
Property Tax Levies and Collections	11	110
Outstanding Debt by Type	12	111
Direct and Overlapping Governmental Activities Debt	13	112
Legal Debt Margin Information	14	113
Demographic and Economic Statistics	15	114
Principal Employers	16	115
Full-Time Equivalent District Employees by Type	17	116
Operating Statistics	18	118
School Building Information	19	119

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



TROTWOOD-MADISON
CITY SCHOOL DISTRICT

Our Mission Is 100% Student Success!

January 15, 2007

To The Citizens and Board of Education
of the Trotwood-Madison City School District:

The Comprehensive Annual Financial Report [CAFR] of the Trotwood-Madison City School District for the fiscal year ended June 30, 2006, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from Julian & Grube, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the Trotwood-Madison City School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the District's consultants and advisors, the GFOA and ASBO certificates the District received for the June 30, 2005 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the independent auditors' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for nonmajor funds and other 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 purposes.

The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of cocurricular and extracurricular activities; adult and community education offerings; special education programs and facilities; and community recreational facilities.

The District receives pass through grants from the State and distributes these grants to a private school located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund, because of the District's administrative involvement in the program. The private school served is Precious Blood. While this organization shares operational and service similarity with the District, it is a legally separate and distinct entity. Because of their independent nature, this organization is not included in this report.

ECONOMIC CONDITION AND OUTLOOK

The City of Trotwood is located in southwest Ohio approximately 55 miles north of Cincinnati, 75 miles southwest of Columbus and 100 miles east of Indianapolis, Ind. Trotwood is strategically located less than two miles from I-70, less than 5 miles from I-75 and less than 15 minutes from the Dayton International Airport.

The District is continually challenged by the responsibility bestowed upon it by the community at large. We are always striving to provide the very best opportunities to every student, while carefully guarding the District's resources.

THE DISTRICT AND ITS FACILITIES

The District is located in the City of Trotwood, in Montgomery County, west of Dayton. Montgomery County has traditionally had a strong economy with unemployment rates below state and national averages. The area has experienced growth during the past year in retail, business and industrial parks, and recreational facilities.

The District is comprised of a senior high school campus, a junior high school serving grades 7-8, and 4 elementary schools serving grades K-6. The District currently services approximately 3,000 students.

Constructed	School Address	October 2006 Enrollment
1966	Broadmoor Academy 701 East Main Street	388
1961	Madison Park Elementary 301 South Broadway	Under Construction
1968	Shiloview Elementary 5600 Elgin Roof Drive	308

Constructed	School Address	October 2006 Enrollment
1957	Townview Elementary 5280 Gardendale Avenue	314
1976	Westbrook Elementary 6500 Westford Road	331
1975	Trotwood-Madison Middle School 3594 North Snyder Road	527
1959	Trotwood-Madison High School	1,076

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education is a 5 member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all the general laws of the State of Ohio are followed in the expenditures of the District's tax dollars and approves the annual appropriation resolution and tax budget.

The Board members represent a cross section of professions in the community. The board members on June 30, 2006, were as follows:

Board Member	Began Service	Term Expires	Profession
Vanessa Jeter-Freeman	January, 2004	December, 2007	Lead Manpower Analyst
Craig Ross, Sr.	June, 2003	December, 2007	Legal Assurance Administrator
Deborah L. Daniel	November, 1998	December, 2009	Bank Manager
Teena R. Davis	January, 1998	December, 2009	Child Care Facilitator
Denise E. Moore	January, 2006	December, 2009	Self Employed

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. Dr. Lowell Draffen was appointed Superintendent in 2003. Prior to becoming the Superintendent of Trotwood-Madison City Schools, Dr. Draffen served as Principal at Holton School in Holton, Indiana (1967-1969); Assistant Principal of Lebanon Middle School, Lebanon, Indiana (1969-1972); Assistant Superintendent at Trotwood-Madison City Schools, Trotwood, Ohio (1972-1976); Superintendent of Valley View Local Schools, Germantown, Ohio (1976-1980); Superintendent of Mad River Local Schools, Riverside, Ohio (1980-1998). Dr. Draffen received his B.S. Degree from Purdue University and his Masters and Doctorate from Indiana University.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mrs. Diana C. Whitt was appointed Assistant Treasurer in March 2002, and became Treasurer of the District in September, 2002. Mrs. Whitt received her B.A. Degree from Notre Dame College in South Euclid, Ohio and her Masters Degree from the University of Phoenix.

EMPLOYEE RELATIONS

The District currently has approximately 428 full-time equivalent employees.

The District teachers and classified employees are represented for collective bargaining purposes by the Trotwood-Madison Education Association (TMEA). The District has a two year collective bargaining agreement which expires June 30, 2007.

SERVICES PROVIDED

The District provides a wide variety of educational and support services, as mandated by the Ohio Revised Code or board directives.

Transportation is provided for over 2,200 students each day. The District fleet of 29 buses travels over 1,566 miles each day transporting to 15 different sites. The department transported both public and non-public students on 543 extra-curricular trips during the year.

The food service department served 375,455 plate lunches through the District's 8 kitchens. This is accomplished through the full operation of 4 kitchens and 4 satellite sites, as well as a central bakery. The District currently offers a breakfast program at four elementary sites and the middle school site.

In addition to transportation and school lunch support services, students in the District also receive guidance, psychological, and limited health services free of charge. The guidance services are designed to help students match their natural skills with vocational and/or academic programs to help them achieve their full potential in life. Psychological services include the testing and identification of students for special education programs.

Limited health services are provided by health assistants at each of the 8 school sites under the supervision of a registered nurse.

The District offers regular instructional programs daily to students in grades K-12. There are approximately 102 students in the specific trades through vocational education. Over 590 students receive special services, due to physical or mental handicapping conditions. In grades 4-8, approximately 67 students participated in the gifted program. The District presented 223 high school diplomas in 2005.

MAJOR CURRENT AND FUTURE INITIATIVES

The following is The Mission Statement of the Board that is the guiding force for all initiatives acted upon by the Board:

The mission of the Trotwood-Madison City School District is to graduate all students prepared to excel in a global society with a commitment to lifelong learning by guaranteeing a challenging curriculum facilitated by innovative and dedicated staff, community participation and state-of-the-art resources in a stimulating atmosphere.

Beliefs

- We believe that learning is a lifelong process.
- We believe that each individual is unique.
- We believe that all people are capable of achieving success.
- We believe that there is strength in diversity.
- We believe that involvement is essential for a community to be successful.

The District has made major changes in our educational delivery system over the past several years. The high school has now converted from a block schedule to a seven period day. The general curriculum track has been phased out. All high school students are expected to take either challenging career and technical training or college preparatory courses.

The high school is firmly committed to the key practices developed for high schools that work. Also implemented is a transition program for all ninth grade students. An alternative program is offered to students from 3:30 p.m. to 7:30 p.m. for students who are at risk or have a difficult time in a traditional high school program.

The focus of the District is on student achievement. The District has been working hard to reach out to all students, from high achievers to at-risk to get them more actively engaged in their own learning.

The District has been engaged in training teachers to become clinic teachers with a focus on academic standards which are developed by the State of Ohio

CHALLENGES FOR 2005-2006 AND BEYOND

- Continue to improve proficiency scores
- Increase the graduation rate
- Recruit and retain quality staff
- Provide time and finances for staff development
- Provide a safe learning environment
- Increase individualized help to students
- Align District goals, initiatives and state standards
- Continue to improve the utilization of technology to support learning

DISTRICT GOALS FOR 2005-2006

To improve student achievement through:

- Aligning curriculum vertically and horizontally with the state standards and proficiency/achievement tests.
- Improving instruction strategies.
- Studying the reconfiguration of the changing enrollment and demographic patterns.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

Partners in Education is a program that brings together businesses and schools in order to address specific educational needs. The business-school partnerships are formal, voluntary relationships between one school and one business. Partnerships match available resources with identified needs to meet mutually agreed upon goals and objectives.

Partnerships provide opportunities for students to understand how the basic skills they learn in school are applied in the business world. However, it is not just the schools that benefit from partnerships. Businesses and their employees also gain from this special relationship, as many schools reciprocate with their own projects which help their corporate or industrial partners. Partnerships also give those in the business community insight into the workings of the school and a better understanding of the needs of the educational system.

LONG-RANGE BUILDING AND MAINTENANCE PLANS

The District, as part of its strategic planning, in conjunction with the architectural firm of Fanning/Howey completed an Educational Facilities Master Plan in March 2003 and amended in February 2004. The improvements were funded through proceeds from the sale of bonds. The facility improvement plan included the construction of a new high school building, a new middle school and two elementary buildings and a K-1 building. The District maintains a three year building maintenance program. This program is generated through input provided by each building administrator in an annual preventive maintenance check list. This three year plan provides the District direction for implementing maintenance and renovation projects and contributes to the financial planning and projection of costs for these projects.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles [GAAP] as promulgated by the Governmental Accounting Standards Board [GASB].

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

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

At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted within three months.

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

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level. All purchase order requests must be approved by the individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the District provided interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished monthly reports showing the status of the budget accounts for which he or she is responsible. Each program manager may request additional financial reports during the month when necessary.

As an additional safeguard, all employees involved with receiving and depositing funds are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher bond.

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

FINANCIAL CONDITION

The District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis -- for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's 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 businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

Management is responsible for preparing a Management's Discussion and analysis of the District. This discussion follows this letter of transmittal, providing and assessment of the District's finances for 2005 and the outlook for the future.

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government, or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$443,894 for the year ended June 30, 2006.

The cash management program is designed to minimize cash on hand and maximize investment holdings. All investments are spread among available investment options to insure maximum interest rates.

The District's investment policy is to minimize market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by FDIC or collateralized. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

RISK MANAGEMENT

The District constantly faces the risk of loss of assets by fire, storm, theft, accident or other catastrophes. Generally, the District shifts the burden of such losses by entering into a casualty insurance contract whereby an insurance company, in consideration of a premium payment, assumes the risk of all or a portion of these losses. The South Carolina Insurance Company purchased through the Southwestern Ohio Educational Purchasing Council provides insurance coverage on the buildings and contents, boiler and machinery, burglary/robbery/theft (inside and outside), earthquake, mobile instruction units, and radio and communication equipment. This company also provides our liability insurance and insures our fleet of vehicles.

All employees are covered under the District's liability policy with Nationwide Insurance Company. The limits of liability are \$1,000,000 for each occurrence and \$5,000,000 in aggregate.

The Superintendent, Director of Business Services, Board Members and Treasurer are covered with performance bonds from the Accordia Fidelity and Deposit Company in the amount of \$20,000 each. The District uses the State Workers' Compensation plan and pays a premium based on a rate per \$100 of salaries.

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor.

The unqualified opinion rendered on the District's basic financial statements, (combining statements and individual fund schedules), is included in the financial section of this Comprehensive Annual Financial Report.

The audit was also designed to meet the requirements of the federal Single Audit Act and the related U.S. Office of Management and Budget Circular A-133.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio.

The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ASBO Certificate

The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by all expert panels of certified public accountants and practicing school business officials.

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2005. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2006, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2006 Comprehensive Annual Financial Report of the Trotwood-Madison City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,

A handwritten signature in cursive script that reads "Diana C. Whitt".

Diana C. Whitt
Treasurer

TROTWOOD-MADISON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2006

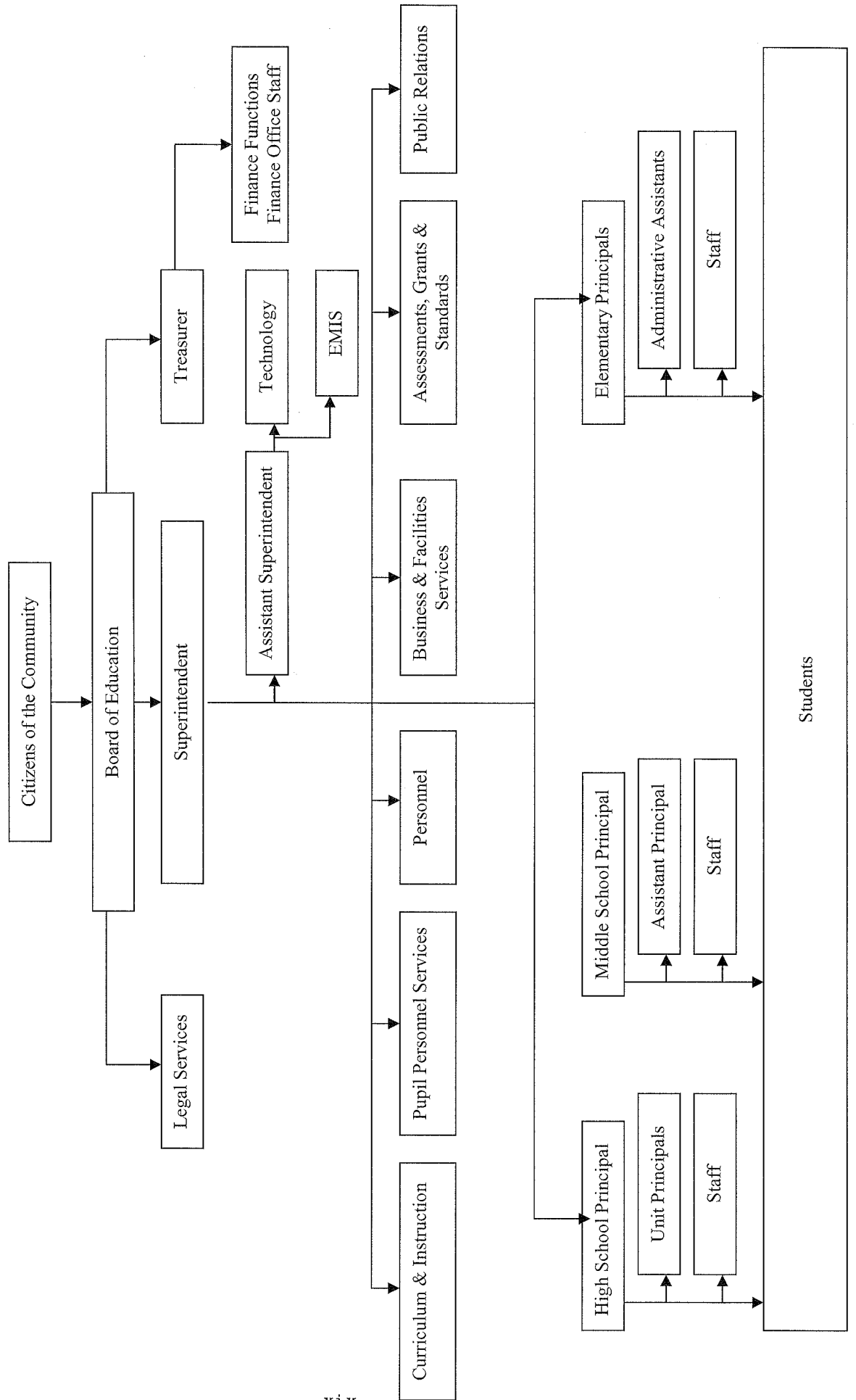
BOARD OF EDUCATION

President..... Mrs. Teena Davis
Vice President..... Mr. Craig Ross, Sr.
Board Member..... Mrs. Vanessa Jeter-Freeman
Board Member..... Mrs. Deborah Daniel
Board Member..... Mrs. Denise E. Moore

ADMINISTRATIVE OFFICIALS

Superintendent..... Dr. Lowell Draffen
Assistant Superintendent..... Dr. Rexann Wagner
Treasurer..... Mrs. Diana C. Whitt
Director of Operations..... Mr. John Smith
Director of Pupil Personnel..... Ms. Vivian Schooler
Director of Curriculum and Instruction..... Mr. Kevin Bell

TROTWOOD-MADISON CITY SCHOOL ORGANIZATIONAL CHART



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

TROTWOOD-MADISON CITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005**

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

President

Interim Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Trotwood-Madison City School District Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education
Trotwood-Madison City School District
444 South Broadway St.
Trotwood, OH 45426

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

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

In our opinion, the basic 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 Trotwood-Madison City School District, Montgomery County, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 19 to the financial statements, the District restated capital assets due to obtaining an appraisal report.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Independent Auditor's Report
Trotwood-Madison City School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory 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.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 14, 2006

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

The discussion and analysis of Trotwood-Madison City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- Net assets increased \$20,846,821 which represents a 135.3% increase from 2005.
- General revenues accounted for \$32,067,007 in revenue or 49.5% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$32,755,538 or 50.5% of total revenues of \$64,822,545.
- Total assets of governmental activities increased by \$21,064,314 as taxes receivable decreased by (\$143,392) while cash and other receivables increased by \$10,579,205.
- The District had \$43,975,724 in expenses related to governmental activities; \$32,755,538 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$32,067,007 were adequate to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, Debt Service, Classroom Facilities and Permanent Improvement Renewal funds are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2006?” The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District’s programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District’s major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds.

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

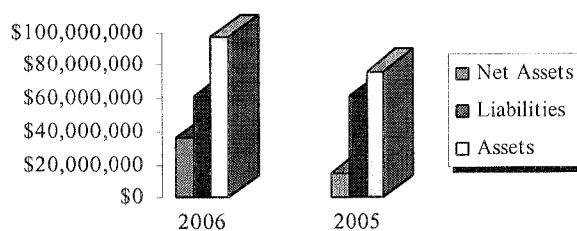
The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2006 compared to 2005:

Table 1
Net Assets

	Governmental Activities	
	2006	2005 Restated
Assets		
Current Assets	\$50,544,519	\$40,137,760
Capital Assets	46,813,831	36,156,276
Total Assets	97,358,350	76,294,036
Liabilities		
Long-Term Liabilities	44,715,889	45,398,316
Other Liabilities	16,387,519	15,487,599
Total Liabilities	61,103,408	60,885,915
Net Assets		
Invested in Capital		
Assets Net of Debt	9,169,596	0
Restricted	20,923,955	5,673,721
Unrestricted	6,161,391	9,734,399
Total Net Assets	\$36,254,942	\$15,408,120



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$36,254,942. This was an improvement from the prior year.

At year-end, capital assets represented 48% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2006, was \$9,169,596. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$20,923,955, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net assets of \$6,161,391 may be used to meet the District's ongoing obligations to the students and creditors.

Table 2 shows the change in net assets for fiscal year 2006 compared to fiscal year 2005.

Table 2
Changes in Net Assets

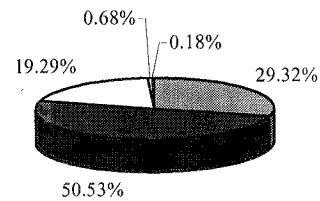
	Governmental Activities	
	2006	2005 Restated
Revenues		
Program Revenues:		
Charges for Services	\$1,131,880	\$674,484
Operating Grants	9,308,685	5,120,360
Capital Grants	22,314,973	1,750,966
General Revenue:		
Property Taxes	12,501,572	12,094,590
Grants and Entitlements	19,005,150	19,932,305
Other	560,285	3,104,656
Total Revenues	64,822,545	42,677,361
Program Expenses:		
Instruction	23,303,921	21,254,126
Support Services:		
Pupil and Instructional Staff	5,220,398	4,359,428
General and School Administrative, Fiscal and Business	4,165,034	3,681,191
Operations and Maintenance	3,002,859	2,566,632
Pupil Transportation	1,718,554	1,772,666
Central	1,955,050	1,760,909
Operation of Non-Instructional Services	1,846,835	1,901,656
Extracurricular Activities	640,491	649,110
Interest and Fiscal Charges	2,122,582	2,027,662
Total Expenses	43,975,724	39,973,380
Change in Net Assets	20,846,821	2,703,981
Beginning Net Assets	15,408,121	12,704,140
Ending Net Assets	\$36,254,942	\$15,408,121

The District revenues are mainly from two sources. Property taxes levied for general, debt service and capital projects purposes, grants and entitlements and capital grants and entitlements comprised most of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 19.3% of revenue for governmental activities for the District in fiscal year 2006.

Revenue Sources	2006	Percent of Total
General Grants	\$19,005,150	29.32%
Program Revenues	32,755,538	50.53%
General Tax Revenues	12,501,572	19.29%
Investment Earnings	443,894	0.68%
Other Revenues	116,391	0.18%
	<u>\$64,822,545</u>	<u>100.00%</u>



The District received \$22,314,973 in capital grants and contributions from the State of Ohio as part of ongoing school improvement projects.

Instruction comprises 53% of governmental program expenses. Support services expenses were 36.5% of governmental program expenses. All other expenses including interest expense were 10.5%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Instruction	\$23,303,921	\$21,254,126	\$2,169,822	(\$16,308,950)
Support Services:				
Pupil and Instructional Staff	5,220,398	4,359,428	(2,975,857)	(3,464,084)
General and School Administrative, Fiscal and Business	4,165,034	3,681,191	(2,231,061)	(3,194,178)
Operations and Maintenance	3,002,859	2,566,632	(1,864,812)	(2,565,384)
Pupil Transportation	1,718,554	1,772,666	(1,552,698)	(1,739,220)
Central	1,955,050	1,760,909	(1,869,567)	(1,709,900)
Operation of Non-Instructional Services	1,846,835	1,901,656	(209,044)	(845,107)
Extracurricular Activities	640,491	649,110	(564,387)	(573,085)
Interest and Fiscal Charges	2,122,582	2,027,662	(2,122,582)	(2,027,662)
Total Expenses	<u>\$43,975,724</u>	<u>\$39,973,380</u>	<u>(\$11,220,186)</u>	<u>(\$32,427,570)</u>

The District's Funds

The District has four major governmental funds: the General Fund, Debt Service Fund and two Capital Projects Funds. Assets of these funds comprise \$47,359,762 (94%) of the total \$50,423,395 governmental funds assets.

General Fund: Fund balance at June 30, 2006 was \$5,519,142 including \$4,411,577 of unreserved balance which represents 14% of expenditures for 2006. The primary reason for the decrease in fund balance were increases in instruction expenditures.

Debt Service Fund: Fund balance at June 30, 2006 was \$1,025,474, which represents 43% of expenditures for fiscal year 2006. Current year change in fund balance was \$132,308.

Classroom Facilities Fund: The net change in fund balance for fiscal year 2006 was \$17,067,961 and relates mainly to the grant monies received for school improvements.

Permanent Improvement Renewal Fund: The net change in fund balance for fiscal year 2006 was (\$6,604,598) and relates to expenditures for construction of the new high school.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, budget basis revenue (including other sources) was \$29,628,371. The original budget estimate (including other sources) was \$32,241,282. The difference was \$2,612,911. Of this difference, most was due to an overestimate of grant and tax revenue. Actual revenues (including other sources) was \$2,050,037 above the final amended budget. This difference was mostly due to an underestimate of grant and tax revenue.

The District's ending unobligated cash balance was \$2,738,581 above the final budgeted amount, due to a conservative budget estimates.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$46,813,831 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal 2006 balances compared to fiscal 2005:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2006	2005 Restated
Land	\$1,156,779	\$1,156,779
Construction in Progress	10,322,703	33,575,961
Buildings and Improvements	33,220,186	0
Equipment	2,114,163	1,423,536
Total Net Capital Assets	<u>\$46,813,831</u>	<u>\$36,156,276</u>

The increase in capital assets is mainly due to the construction progress on the four buildings.

See note 7 in the Notes to the Basic Financial Statements for further details on the District's capital assets.

Debt

At June 30, 2006, the District had \$33,439,429 in debt outstanding, \$353,875 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2006	Governmental Activities 2005
1996 Energy Conservation Notes Payable	\$3,875	\$50,375
1999 Energy Conservation Notes Payable	215,000	280,000
2003 School Improvement Bond	33,220,554	33,861,190
Total Long-Term Notes and Bonds	<u>\$33,439,429</u>	<u>\$34,191,565</u>

See note 9 in the Notes to the Basic Financial Statements for further details on the District's long-term obligations.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" nor "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. Even though the District is projecting a slight decrease in enrollment, the need for increased revenues is projected for fiscal year 2007. This increased funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

The District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1999 and the GFOA Budget Award since 1999.

The District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Diana C. Whitt, Treasurer, Trotwood-Madison City Schools, 444 South Broadway, Trotwood, Ohio 45426. Telephone (937) 854-3050 x 222. Email dianawhitt@Trotwood.k12.oh.us.

THIS PAGE INTENTIONALLY LEFT BLANK

Trotwood-Madison City School District
Statement of Net Assets
June 30, 2006

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$35,225,304
Restricted Cash and Investments	81,076
Cash and Cash Equivalents with Fiscal Agent	686,700
Receivables:	
Taxes	13,831,374
Intergovernmental	712,134
Inventory	7,931
Nondepreciable Capital Assets	11,479,482
Depreciable Capital Assets, Net	<u>35,334,349</u>
 Total Assets	 <u>97,358,350</u>
Liabilities:	
Accounts Payable	21,558
Accrued Wages and Benefits	2,838,308
Retainage Payable	685,378
Accrued Interest Payable	135,909
Contracts Payable	1,363,940
Unearned Revenue	11,165,453
Claims Payable	176,973
Long-Term Liabilities:	
Due Within One Year	1,119,007
Due In More Than One Year	<u>43,596,882</u>
 Total Liabilities	 <u>61,103,408</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	9,169,596
Restricted for:	
Special Revenue	1,045,760
Debt Service	1,188,212
Capital Projects	18,608,907
BWC Refunds	81,076
Unrestricted	<u>6,161,391</u>
 Total Net Assets	 <u>\$36,254,942</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$18,221,176	\$374,270	\$2,250,685	\$18,954,820	\$3,358,599
Special	4,551,206	14,537	2,844,738	904,989	(786,942)
Vocational	0	0	100,531	0	100,531
Other	531,539	0	29,173	0	(502,366)
Support Services:					
Pupil	2,054,086	0	1,043,620	0	(1,010,466)
Instructional Staff	3,166,312	0	1,200,921	0	(1,965,391)
General Administration	47,089	0	0	0	(47,089)
School Administration	2,835,488	185,082	423,902	1,324,989	(901,515)
Fiscal	1,046,251	0	0	0	(1,046,251)
Business	236,206	0	0	0	(236,206)
Operations and Maintenance	3,002,859	23,058	0	1,114,989	(1,864,812)
Pupil Transportation	1,718,554	0	150,670	15,186	(1,552,698)
Central	1,955,050	0	85,483	0	(1,869,567)
Operation of Non-Instructional Services	1,846,835	458,829	1,178,962	0	(209,044)
Extracurricular Activities	640,491	76,104	0	0	(564,387)
Interest and Fiscal Charges	2,122,582	0	0	0	(2,122,582)
Total Governmental Activities	43,975,724	1,131,880	9,308,685	22,314,973	(11,220,186)
Totals	\$43,975,724	\$1,131,880	\$9,308,685	\$22,314,973	(\$11,220,186)

General Revenues:

Property Taxes Levied for:

General Purposes	9,472,597
Special Revenue Purposes	232,700
Debt Service Purposes	2,156,926
Capital Projects Purposes	639,349
Grants and Entitlements not Restricted to Specific Programs	19,005,150
Unrestricted Contributions	985
Investment Earnings	443,894
Other Revenues	115,406

Total General Revenues 32,067,007

Change in Net Assets 20,846,821

Net Assets Beginning of Year - Restated 15,408,121

Net Assets End of Year \$36,254,942

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Balance Sheet
Governmental Funds
June 30, 2006

	General	Debt Service	Classroom Facilities	Permanent Improvement Renewal	Other Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$7,345,135	\$849,564	\$19,539,035	\$5,738,194	\$1,525,153
Restricted Cash and Investments	81,076	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	130,446	556,254	0
Receivables:					
Taxes	10,555,261	2,466,347	0	0	809,766
Intergovernmental	0	0	0	0	712,134
Interfund	98,450	0	0	0	8,649
Inventory	0	0	0	0	7,931
Total Assets	18,079,922	3,315,911	19,669,481	6,294,448	3,063,633
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	19,690	0	0	0	1,868
Accrued Wages and Benefits	2,256,144	0	0	0	582,164
Compensated Absences	447,360	0	0	0	0
Retainage Payable	0	0	130,446	554,932	0
Contracts Payable	0	0	1,363,940	0	0
Interfund Payable	0	0	45,917	0	61,182
Deferred Revenue	9,837,586	2,290,437	0	0	1,399,661
Total Liabilities	12,560,780	2,290,437	1,540,303	554,932	2,044,875
Fund Balances:					
Reserved for Encumbrances	308,814	0	8,440,602	1,464,139	110,408
Reserved for Inventory	0	0	0	0	7,931
Reserved for Property Tax Advances	717,675	175,910	0	0	58,932
Reserved for BWC Refunds	81,076	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	4,411,577	0	0	0	0
Special Revenue Funds	0	0	0	0	499,822
Debt Service Funds	0	849,564	0	0	0
Capital Projects Funds	0	0	9,688,576	4,275,377	341,665
Total Fund Balances	5,519,142	1,025,474	18,129,178	5,739,516	1,018,758
Total Liabilities and Fund Balances	\$18,079,922	\$3,315,911	\$19,669,481	\$6,294,448	\$3,063,633

See accompanying notes to the basic financial statements.

<u> <u> Total Governmental Funds </u> </u>
\$34,997,081 81,076 686,700 13,831,374 712,134 107,099 7,931
50,423,395

21,558 2,838,308 447,360 685,378 1,363,940 107,099 13,527,684

18,991,327

10,323,963 7,931 952,517 81,076
--

4,411,577 499,822 849,564 14,305,618

31,432,068

\$50,423,395

Trotwood-Madison City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2006

Total Governmental Fund Balance		\$31,432,068
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		41,940,205
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	1,713,404	
Intergovernmental	<u>648,827</u>	
		2,362,231
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		51,250
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(135,909)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(886,100)</u>	
		(886,100)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(43,382,429)</u>
Net Assets of Governmental Activities		<u><u>\$31,381,316</u></u>

See accompanying notes to the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Trotwood-Madison City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Debt Service	Classroom Facilities	Permanent Improvement Renewal	Other Governmental Funds
Revenues:					
Taxes	\$9,865,536	\$2,247,461	\$0	\$0	\$889,540
Tuition and Fees	220,729	0	0	0	48,796
Investment Earnings	443,895	5,955	172,557	301,705	0
Intergovernmental	20,382,782	249,639	22,299,790	0	7,794,166
Extracurricular Activities	0	0	0	0	212,400
Charges for Services	0	0	0	0	458,829
Other Revenues	191,726	0	373	33,920	5,245
Total Revenues	31,104,668	2,503,055	22,472,720	335,625	9,408,976
Expenditures:					
Current:					
Instruction:					
Regular	15,165,776	0	0	0	1,750,872
Special	4,378,132	0	0	0	121,868
Other	19,816	0	0	0	500,747
Support Services:					
Pupil	961,165	0	0	0	1,105,774
Instructional Staff	1,392,019	0	0	0	1,704,576
General Administration	45,787	0	0	0	0
School Administration	2,191,324	0	0	0	491,252
Fiscal	990,079	40,284	0	858	13,380
Business	241,799	0	0	0	0
Operations and Maintenance	2,917,885	0	0	0	11,617
Pupil Transportation	1,718,858	0	0	0	0
Central	1,472,695	0	0	0	305,396
Operation of Non-Instructional Services	4,132	0	0	0	1,807,918
Extracurricular Activities	571,805	0	0	0	55,798
Capital Outlay	168,952	0	5,404,759	7,144,365	0
Debt Service:					
Principal Retirement	46,500	735,000	0	0	168,000
Interest and Fiscal Charges	1,620	1,595,463	0	0	435,169
Total Expenditures	32,288,344	2,370,747	5,404,759	7,145,223	8,472,367
Excess of Revenues Over (Under) Expenditures	(1,183,676)	132,308	17,067,961	(6,809,598)	936,609
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	52,207	0	0	0	0
Transfers In	0	0	0	205,000	809
Transfers (Out)	(809)	0	0	0	(205,000)
Total Other Financing Sources (Uses)	51,398	0	0	205,000	(204,191)
Net Change in Fund Balance	(1,132,278)	132,308	17,067,961	(6,604,598)	732,418
Fund Balance Beginning of Year	6,651,420	893,166	1,061,217	12,344,114	286,340
Fund Balance End of Year	\$5,519,142	\$1,025,474	\$18,129,178	\$5,739,516	\$1,018,758

See accompanying notes to the basic financial statements.

Total Governmental Funds
\$13,002,537
269,525
924,112
50,726,377
212,400
458,829
231,264
65,825,044
16,916,648
4,500,000
520,563
2,066,939
3,096,595
45,787
2,682,576
1,044,601
241,799
2,929,502
1,718,858
1,778,091
1,812,050
627,603
12,718,076
949,500
2,032,252
55,681,440
10,143,604
52,207
205,809
(205,809)
52,207
10,195,811
21,236,257
\$31,432,068

Trotwood-Madison City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2006

Net Change in Fund Balance - Total Governmental Funds \$10,195,811

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

Governmental funds report capital asset additions 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 of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	12,762,394	
Depreciation Expense	<u>(2,104,839)</u>	10,657,555

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

Delinquent Property Taxes	(500,966)	
Intergovernmental	<u>(553,740)</u>	(1,054,706)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 949,500

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 4,034

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	167,267	
Bond Accretion	<u>(94,364)</u>	72,903

The internal service fund used by management to charge back costs
 to individual funds is not reported in the district-wide statement of
 activities. Governmental fund expenditures and the related internal
 service fund revenues are eliminated. The net revenue (expense) of
 the internal service fund is allocated among the governmental activities. 21,724

Change in Net Assets of Governmental Activities	<u><u>\$20,846,821</u></u>
---	----------------------------

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Net Assets
Proprietary Fund
June 30, 2006

	<u>Governmental Activities- Internal Service Fund</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	<u>\$228,223</u>
Total Assets	<u>228,223</u>
Liabilities:	
Current Liabilities:	
Claims Payable	<u>176,973</u>
Total Liabilities	<u>176,973</u>
Net Assets:	
Unrestricted	<u>51,250</u>
Total Net Assets	<u>\$51,250</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2006

	Governmental Activities- Internal Service Fund
Operating Revenues:	
Charges for Services	<u>\$3,279,963</u>
Total Operating Revenues	<u>3,279,963</u>
Operating Expenses:	
Contactual Services	<u>3,262,438</u>
Total Operating Expenses	<u>3,262,438</u>
Operating Income (Loss)	<u>17,525</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>4,199</u>
Change in Net Assets	21,724
Net Assets Beginning of Year	<u>29,526</u>
Net Assets End of Year	<u><u>\$51,250</u></u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2006

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$3,279,963
Cash Payments for Claims	<u>(3,220,170)</u>
Net Cash Provided (Used) by Operating Activities	<u>59,793</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>4,199</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>4,199</u>
Net Increase (Decrease) in Cash and Cash Equivalents	63,992
Cash and Cash Equivalents Beginning of Year	<u>164,231</u>
Cash and Cash Equivalents End of Year	<u><u>228,223</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	17,525
Adjustments:	
Changes in Assets & Liabilities:	
Increase (Decrease) in Accrued Liabilities	<u>42,268</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$59,793</u></u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	<u>\$72,576</u>	<u>\$20,069</u>
Total Assets	<u>72,576</u>	<u>\$20,069</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>20,069</u>
Total Liabilities	<u>0</u>	<u>\$20,069</u>
Net Assets:		
Held in Trust	<u>72,576</u>	
Total Net Assets	<u>\$72,576</u>	

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2006

	Private Purpose Trust
Additions:	
Investment Earnings	\$4,545
Other	1,659
Total Additions	<u>6,204</u>
Deductions:	
Other	<u>6,000</u>
Total Deductions	<u>6,000</u>
Change in Net Assets	204
Net Assets Beginning of Year	<u>72,372</u>
Net Assets End of Year	<u>\$72,576</u>

See accompanying notes to the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

1. DESCRIPTION OF THE DISTRICT

The Trotwood-Madison City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Trotwood-Madison City School District is a city school district as defined by Section 3311.02, Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Management believes the financial statements included in this report represent all of the funds of the District for which the Board of Education has fiscal responsibility.

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and proprietary fund provided they do not conflict with or contradict GASB pronouncements.

MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

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

Fund Financial Statements

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

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

Fiduciary funds (excluding the Agency Fund) are reported using the economic resources measurement focus.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

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

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Classroom Facilities – The classroom facilities fund is used to account for the receipts and expenditures related to construction projects.

Permanent Improvement Renewal – The permanent improvement renewal fund is used to account for the receipts and expenditures related to permanent improvement renewals.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

Internal Service Funds – This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District has a self-insurance fund which is used to provide employee health and dental benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students. The District has a student managed activity fund which accounts for assets and liabilities generated by student managed activities.

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenditures are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

EQUITY IN POOLED CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006. The District also has invested in U.S. Agencies.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 amounted to \$443,895, which includes \$84,340 assigned from other District funds.

For purposes of the statement of cash flows, the internal service portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the internal service funds without prior notice or penalty.

INVENTORY

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of food held for resale and consumable supplies.

CAPITAL ASSETS

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20-40 years
Equipment	5-20 years

COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the vesting payment method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for compensated absences are recognized when paid, or in the case of termination benefits, when due for payment. These amounts due at year end are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	not eligible	20-23 days	10-20 days for each service year depending on length of service
Maximum accumulation	not applicable	30 days unless special permission granted	30-60 days
Vested	not applicable	as earned	as earned
Termination entitlement	not applicable	30 days maximum	paid upon termination
<u>Sick Leave</u>			
How earned	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)
Maximum accumulation	350 days	350 days	350 days
Vested	as earned	as earned	as earned
Termination entitlement	per contract	per contract	per contract

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2006, net assets restricted by enabling legislation was \$0 in the statement of net assets.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the internal service funds. For the District, these revenues are charges for services for the primary activity of the fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund "receivables/payables". These amounts are eliminated in the governmental activities columns of the statement of net assets.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, property tax advances and BWC refunds. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

ESTIMATES

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

EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and investments set-aside to establish a BWC refund reserve. These reserves are required by state statute. A schedule of statutory reserves is presented in a separate note.

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement 40, "Deposit and Investment Risk Disclosures".

Cash with Fiscal Agents

The District's cash with fiscal agents consists of the following: on deposit with National City Bank for its capital lease regarding the construction of a new District building and amounts held in escrow for contractors for which the District has held retainage. The total amounts held by fiscal agents at June 30, 2006 was \$686,700.

Deposits

At June 30, 2006, the carrying amount of all District deposits was \$17,107,864. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2006, \$18,305,444 of the District's bank balance of \$18,505,444 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

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

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Agency Notes	\$1,494,000	1.25
Money Market Accounts	5,927,276	0.00
STAR Ohio	<u>10,869,887</u>	0.00
Total Fair Value	<u>\$18,291,163</u>	
Portfolio Weighted Average Maturity		0.10

Interest rate risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Agencies and in the Money Market Funds were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

Concentration of credit risk – The District’s investment policy requires investments to be diversified to reduce the risk of loss. The District’s policy allows investments in Federal Agencies or Instrumentalities. The District has invested more than 8 percent of the District’s investments in the Federal Home Loan Bank (3%), and the Federal National Mortgage Association (5%).

5. PROPERTY TAXES

Real property taxes collected in 2006 were levied in April on the assessed values as of January 1, 2005, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2006, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2006, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2006. Delinquent property taxes collected within 60 days of the fiscal year end are included as a receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2006 are recognized as a revenue and receivable on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2006, was \$717,675 for General Fund, \$9,789 for Special Revenue, \$175,910 for Debt Service and \$49,143 for Capital Projects, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2006 operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$204,765,350
Public Utility Personal	10,179,700
Tangible Personal Property	14,182,989
Commercial/Industrial	<u>71,575,160</u>
Total	<u>\$300,703,199</u>

6. RECEIVABLES

Receivables at June 30, 2006, consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

7. CAPITAL ASSETS

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

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,156,779	\$0	\$0	\$1,156,779
Construction in Progress	33,575,961	12,762,394	36,015,652	10,322,703
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	13,151,275	34,840,433	5,533,627	42,458,081
Equipment	8,638,274	1,175,219	4,078,973	5,734,520
Totals at Historical Cost	56,522,289	48,778,046	45,628,252	59,672,083
Less Accumulated Depreciation:				
Buildings and Improvements	13,151,275	1,620,247	5,533,627	9,237,895
Equipment	7,214,738	484,592	4,078,973	3,620,357
Total Accumulated Depreciation	<u>20,366,013</u>	<u>2,104,839</u>	<u>9,612,600</u>	<u>12,858,252</u>
Governmental Activities Capital Assets, Net	<u>\$36,156,276</u>	<u>\$46,673,207</u>	<u>\$36,015,652</u>	<u>\$46,813,831</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,644,645
Special	56,278
Other Instruction	10,976
Support Services:	
Pupil	1,747
Instructional Staff	13,336
General Administration	1,302
School Administration	134,347
Fiscal	820
Business	2,072
Operations and Maintenance	40,820
Pupil Transportation	4,622
Central	151,927
Operation of Non-Instructional Services	19,126
Extracurricular Activities	22,821
Total Depreciation Expense	<u><u>\$2,104,839</u></u>

8. CAPITALIZED LEASES

The capital lease recorded in the Permanent Improvement Renewal Fund relates to the construction of a new building. The District is leasing the project from Rickenbacker Port Authority. Rickenbacker Port Authority will retain title to the project during the lease term. Rickenbacker Port Authority has assigned National City Bank as trustee. The full amount of the lease was \$10,129,000. Amounts will be paid to contractors by the District as the work progresses. The District will then submit invoices to the agent for reimbursement. The District will make monthly lease payments to National City Bank. Interest rates are based on a variable interest rate.

At fiscal year end, the project was underway. The District began making payments in fiscal year 2004. The principal amount owed on the lease at year-end is \$9,943,000.

The following is a schedule of the future long term minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2006:

<u>Ending June 30</u>	<u>Principal</u>
2007	\$601,395
2008	665,677
2009	665,715
2010	665,295
2011	665,418
2012-2016	3,326,709
2017-2021	3,326,610
2022-2026	3,327,212
2027-2031	3,326,986
2032	665,065
Total	<u>17,236,082</u>
Less: amount representing interest	<u>(7,293,082)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$9,943,000</u></u>

9. LONG-TERM LIABILITIES

Notes payable activity for the District at fiscal year end was as follows:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>
2001 Notes Payable	4.60%	3/1/01	12/1/05	\$205,000	\$0	\$205,000	\$0

Long-term notes payable activity for the District at year end was as follows:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Beginning Principal Outstanding</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
Governmental Activities:								
1996 Energy Conservation Note Payable	5.63%	7/1/96	7/1/06	\$50,375	\$0	\$46,500	\$3,875	\$3,875
1999 Energy Conservation Note Payable	5.20%	7/1/99	6/1/09	280,000	0	65,000	215,000	70,000
2003 Current Interest Bonds - School Improvement	4.97%	11/21/02	12/1/30	33,325,000	0	735,000	32,590,000	280,000
2003 Capital Appreciation Bonds - School Improvement	4.97%	11/21/02	12/1/30	536,190	94,364	0	630,554	0
Total Notes and Bonds Payable				<u>34,191,565</u>	<u>94,364</u>	<u>846,500</u>	<u>33,439,429</u>	<u>353,875</u>
Capital Leases				10,046,000	0	103,000	9,943,000	147,000
Compensated Absences				<u>1,160,752</u>	<u>432,725</u>	<u>260,017</u>	<u>1,333,460</u>	<u>618,132</u>
Total Governmental Activities Long-Term Liabilities				<u><u>\$45,398,317</u></u>	<u><u>\$527,089</u></u>	<u><u>\$1,209,517</u></u>	<u><u>\$44,715,889</u></u>	<u><u>\$1,119,007</u></u>

Tax anticipation notes and other notes and bonds payable will be paid from the general, debt service and permanent improvement funds. Compensated absences will mainly be paid from the general fund.

School Improvement Bonds - During fiscal year 2003, the District issued general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

This issue is comprised of both current interest bonds, par value \$34,645,000, and capital appreciation bonds, par value \$355,000. The interest rates on the current interest bonds range from 1.65% to 5.00%. The capital appreciation bonds mature on December 1, 2012 (effective interest 17.32%), December 1, 2013 (effective interest 16.73%) and December 1, 2014 (effective interest 16.67%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2006 was \$630,554. A total of \$94,364 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2006.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	Current Interest Bonds and Notes			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$353,875	\$1,596,386	\$1,950,261	\$0	\$0	\$0
2008	435,000	1,583,379	2,018,379	0	0	0
2009	470,000	1,567,774	2,037,774	0	0	0
2010	535,000	1,548,774	2,083,774	0	0	0
2011	575,000	1,529,884	2,104,884	0	0	0
2012-2016	1,615,000	7,474,480	9,089,480	2,125,000	0	2,125,000
2017-2021	5,790,000	6,561,907	12,351,907	0	0	0
2022-2026	9,240,000	4,678,397	13,918,397	0	0	0
2027-2031	13,795,000	1,823,625	15,618,625	0	0	0
Total	<u>\$32,808,875</u>	<u>\$28,364,606</u>	<u>\$61,173,481</u>	<u>\$2,125,000</u>	<u>\$0</u>	<u>\$2,125,000</u>

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The 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 or by calling toll-free (800) 878-5853. It is also posted on the SERS website at www.ohsers.org under Forms and Publications.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$836,280, \$762,831, and \$741,396, respectively; 48% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004.

STATE TEACHERS RETIREMENT SYSTEM

The District participates in 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 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090 or by visiting the STRS website at 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 DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The District's required contributions for pension obligations for the fiscal years ended June 30, 2006, 2005, and 2004 were \$2,042,340, \$1,788,274, and \$1,804,080, respectively; 84% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004.

11. POST EMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$145,881 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 the balance in the fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of .01 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), was \$158,751,207. At June 30, 2006, SERS had net assets available for payment of healthcare benefits of \$295.6 million. SERS has approximately 59,492 participants currently receiving health care benefits.

12. CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2006.

LITIGATION

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District contracted with Selective Insurance Company of South Carolina for building and property insurance. This policy has a limit of insurance in the amount of \$73,387,330 for property. Property has a \$1,000 deductible. Vehicle insurance is covered by Selective Insurance Company of South Carolina for replacement cost with a \$500 deductible for comprehensive and a \$500 deductible for collision. General liability insurance is under Selective Insurance Company of South Carolina. The base policy has a \$2,000,000 per occurrence and a \$4,000,000 aggregate limit. The treasurer and business director are bonded. There were no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage during the past three fiscal years.

The District is a member of the Southwestern Ohio Educational Purchasing Counsel (SOEPC). The Counsel contracts with Accordia, Inc. to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Accordia, Inc. provides administrative, cost control and actuarial services to the SOEPC.

The District has elected to provide employee health and dental benefits through a self-insured program. The District maintains an Employee Benefits Internal Service Fund to account for and finance its uninsured risks of loss in these programs. The District utilizes a third party administrator, United Healthcare and Core Source, to review all claims, which are then paid by the District. Employees are required to share in the costs of the plan along with the District.

The claims liability of \$176,973 reported in the fund at June 30, 2006, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, as amended by GASB Statement No. 30, "Risk Financing Omnibus" which requires that a liability for claims be reported if information prior to issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the fund's claims liability amount in fiscal years 2004, 2005, and 2006 were as follows:

	Balance at <u>July 1</u>	Current Year <u>Claims</u>	Claim <u>Payments</u>	Balance at <u>June 30</u>
2003/2004	\$391,071	\$2,851,784	\$3,075,998	\$166,857
2004/2005	166,857	2,559,792	2,591,944	134,705
2005/2006	134,705	3,262,438	3,220,170	176,973

14. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Dayton Educational Computer Association - The District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium.

Southwestern Ohio Instructional Technology Association – The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler Counties shall elect two representatives per area. All others shall elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after the nominating committee nominates individuals to run. One at-large non-public service representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government for a public purpose. Payments to SOITA are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Miami Valley Career Technology Center – The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. To obtain financial information, write to the Miami Valley Career Technology Center, Debby Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

15. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2006, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
High School	\$4,917,848
Madison Park Elementary	7,950,300
Trotwood Madison Middle School	13,149,514
Westbrooke Elementary School	7,855,120
New Early Learning Center	<u>9,238,080</u>
Total	<u>\$43,110,862</u>

16. COMPLIANCE AND ACCOUNTABILITY

A. The following funds had appropriations that exceed the total estimated resources in noncompliance with Ohio Revised Code Section 5705.39:

Food Service	\$105,618
District Managed Student Activity	3,479
Summer School Subsidy	52,351
IDEA – Part B	175,316
Title V	4,076
Drug-Free School Grant	895
IDEA – Preschool Grant	2,573
Improving Teacher Quality	73,229

B. As of year end the following funds had deficit fund balances:

Title VIB/Preschool	65,046
Title I	32,157
Drug-Free School Grant	822
Title VI-R	916
Goals 2000	76,594
Food Service	4,849

The deficit in fund balances were primarily due to accrual in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

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

	<u>Textbooks</u>	Restated Capital <u>Acquisition</u>	BWC <u>Refunds</u>
Set-aside Reserve Balance as of June 30, 2005	(\$1,216,671)	(\$44,774,000)	\$81,076
Current Year Set-aside Requirement	471,569	471,569	0
Qualified Disbursements	(777,058)	(170,627)	0
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2006	<u>(\$1,522,160)</u>	<u>(\$44,473,058)</u>	<u>\$81,076</u>
Restricted Cash as of June 30, 2006			<u>\$81,076</u>
Carry Forward to FY 2007	<u>(\$1,522,160)</u>	<u>(\$44,473,058)</u>	

The District had qualifying disbursements for textbooks of \$777,058 that exceeded the required set-aside, resulting in a carry forward balance of \$1,522,160 that can be used against future year textbook set-asides. The District issued \$44,774,000 in bonds and loans in fiscal year 2002 to provide for the construction of a new school building. This amount is an allowable offset to future years for the capital improvement and maintenance set-aside. The District had qualifying disbursements and offset carry forwards from prior years for capital acquisitions that exceeded the required set-aside. Offsets can be carried forward to use against future year capital acquisition set-asides.

18. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2006, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$98,450	\$0	\$0	\$809
Classroom Facilities	0	45,917	0	0
Permanent Improvement Renewal	0	0	205,000	0
Other Governmental Funds	<u>8,649</u>	<u>61,182</u>	<u>809</u>	<u>205,000</u>
Total all funds	<u>\$107,099</u>	<u>\$107,099</u>	<u>\$205,809</u>	<u>\$205,809</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. Funds were transferred out of the Permanent Improvement Fund and into the Permanent Improvement Renewal Fund in order to pay debt related to building projects.

19. CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2006, the District has implemented GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries”; GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section”; GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Statement No. 47, “Accounting for Termination Benefits”.

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 44 establishes the objectives of the statistical section and provides guidance on the preparation of the statistical section.

Statement No. 46 establishes that any amount of the primary government’s net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

A prior period adjustment was required to restate capital assets at June 30, 2005 due to an overstatement in the prior year. This restatement had the following effect on net asset at June 30, 2005:

	Governmental <u>Activities</u>
Net assets as previously reported, June 30, 2005	\$17,854,938
Restatement for capital assets	<u>(2,446,817)</u>
Net assets restated, June 30, 2005	<u>\$15,408,121</u>

REQUIRED SUPPLEMENTARY INFORMATION

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,211,159	\$9,383,622	\$10,032,891	\$649,269
Tuition and Fees	395,716	363,647	388,808	25,161
Investment Earnings	451,782	415,169	443,895	28,726
Intergovernmental	20,744,951	19,063,730	20,382,782	1,319,052
Other Revenues	31,713	29,143	31,159	2,016
Total Revenues	31,835,321	29,255,311	31,279,535	2,024,224
Expenditures:				
Current:				
Instruction:				
Regular	14,839,869	15,266,521	14,948,475	318,046
Special	4,300,209	4,423,841	4,331,680	92,161
Other	19,672	20,238	19,816	422
Support Services:				
Pupil	991,928	1,020,446	999,187	21,259
Instructional Staff	1,387,225	1,427,108	1,397,377	29,731
General Administration	45,454	46,761	45,787	974
School Administration	2,202,189	2,265,503	2,218,306	47,197
Fiscal	988,612	1,017,035	995,847	21,188
Business	240,420	247,333	242,180	5,153
Operations and Maintenance	3,019,084	3,105,884	3,041,179	64,705
Pupil Transportation	1,724,444	1,774,022	1,737,064	36,958
Central	1,511,258	1,554,707	1,522,318	32,389
Operation of Non-Instructional Services	4,102	4,220	4,132	88
Extracurricular Activities	566,760	583,055	570,908	12,147
Capital Outlay	169,582	174,457	170,823	3,634
Debt Service:				
Principal Retirement	46,500	46,500	46,500	0
Interest and Fiscal Charges	1,270	2,644	1,620	1,024
Total Expenditures	32,058,578	32,980,275	32,293,199	687,076
Excess of Revenues Over (Under) Expenditures	(223,257)	(3,724,964)	(1,013,664)	2,711,300
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	53,135	48,828	52,207	3,379
Advances In	352,826	324,232	346,666	22,434
Advances (Out)	(67,705)	(69,652)	(68,201)	1,451
Transfers (Out)	(802)	(825)	(808)	17
Total Other Financing Sources (Uses)	337,454	302,583	329,864	27,281
Net Change in Fund Balance	114,197	(3,422,381)	(683,800)	2,738,581
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,781,509	7,781,509	7,781,509	0
Fund Balance End of Year	\$7,895,706	\$4,359,128	\$7,097,709	\$2,738,581

See accompanying notes to the required supplementary information.

TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2006

1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2006.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$1,132,278)
Net Adjustment for Revenue Accruals	521,533
Net Adjustment for Expenditure Accruals	255,449
Encumbrances	<u>(328,504)</u>
Budget Basis	<u>(\$683,800)</u>

**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

FUND DESCRIPTIONS

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS: Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

PUBLIC SCHOOL: To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

OTHER GRANTS: To account for local funds, which are provided to assist the District with various programs.

CLASSROOM FACILITIES MAINTENANCE: To account for state funds provided for classroom facilities maintenance.

EXTRACURRICULAR ACTIVITY: To account for those student activity programs which have student participation in the activity but do not have student management in the programs. This fund includes athletic programs as well as the band, cheerleaders, flag corps and other similar types of activities.

AUXILIARY SERVICES: To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by state law.

MANAGEMENT INFORMATION: To account for state funds which are provided to assist the District in implementing a staff, student and financial system as mandated by the Omnibus Education Reform Act of 1989.

ENTRY YEAR PROGRAMS: To account for state funds provided for entry year programs.

DATA COMMUNICATIONS: To account for funds to be used for communications.

SCHOOL NET PROFESSIONAL DEVELOPMENT: To account for a limited number of professional development subsidy grants.

OHIO READS: To account for state funds, which are designated reading.

SUMMER SCHOOL SUBSIDY: To account for funds, which are used for summer intervention.

READING IMPROVEMENT GRANT: To account for funds to provide reading improvement programs.

TITLE VIB / PRESCHOOL: To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialist in providing educational services to the handicapped.

TITLE I: To account for federal funds for services provided to meet special educational needs of educationally deprived children.

TITLE V: To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

DRUG-FREE SCHOOLS: To account for federal funds used for establishment, operation and improvement of programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

EHA PRE-SCHOOL GRANT: To account for revenues and expenditures made in conjunction with child abuse, child neglect prevention programs and other grants.

TITLE VI-R: To account for federal funds to provide programs to enhance student achievement.

GOALS 2000: To account for federal funds to provide student programs.

FOOD SERVICE: To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the District students and staff.

UNIFORM SCHOOL SUPPLY: To account for the purchase and sale of school supplies as adopted by the Board of Education for use in all schools of the District.

POVERTY BASED AID: To account for federal funds for the poverty based aid program.

CAPITAL PROJECTS FUNDS: The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

PERMANENT IMPROVEMENT: To account for all transactions related to improvements to existing District facilities.

SCHOOLNET PLUS: To account for funds received for the purchase of computer technology.

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,189,876	\$335,277	\$1,525,153
Receivables:			
Taxes	134,512	675,254	809,766
Intergovernmental	712,134	0	712,134
Interfund	30	8,619	8,649
Inventory	7,931	0	7,931
Total Assets	2,044,483	1,019,150	3,063,633
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	1,868	0	1,868
Accrued Wages and Benefits	582,164	0	582,164
Interfund Payable	61,182	0	61,182
Deferred Revenue	773,550	626,111	1,399,661
Total Liabilities	1,418,764	626,111	2,044,875
Fund Balances:			
Reserved for Encumbrances	108,177	2,231	110,408
Reserved for Inventory	7,931	0	7,931
Reserved for Property Tax Advances	9,789	49,143	58,932
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	499,822	0	499,822
Capital Projects Funds	0	341,665	341,665
Total Fund Balances	625,719	393,039	1,018,758
Total Liabilities and Fund Balances	\$2,044,483	\$1,019,150	\$3,063,633

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$215,693	\$673,847	\$889,540
Tuition and Fees	\$48,796	\$0	\$48,796
Intergovernmental	7,685,797	108,369	7,794,166
Extracurricular Activities	212,400	0	212,400
Charges for Services	458,829	0	458,829
Other Revenues	5,245	0	5,245
Total Revenues	8,626,760	782,216	9,408,976
Expenditures:			
Current:			
Instruction:			
Regular	1,750,872	0	1,750,872
Special	121,868	0	121,868
Support Services:			
Other	500,747	0	500,747
Pupil	1,105,774	0	1,105,774
Instructional Staff	1,704,576	0	1,704,576
School Administration	491,252	0	491,252
Fiscal	1,605	11,775	13,380
Operations and Maintenance	11,617	0	11,617
Central	47,209	258,187	305,396
Operation of Non-Instructional Services	1,807,918	0	1,807,918
Extracurricular Activities	55,798	0	55,798
Debt Service:			
Principal Retirement	0	168,000	168,000
Interest and Fiscal Charges	0	435,169	435,169
Total Expenditures	7,599,236	873,131	8,472,367
Excess of Revenues Over (Under) Expenditures	1,027,524	(90,915)	936,609
Other Financing Sources (Uses):			
Transfers In	809	0	809
Transfers (Out)	0	(205,000)	(205,000)
Total Other Financing Sources (Uses)	809	(205,000)	(204,191)
Net Change in Fund Balance	1,028,333	(295,915)	732,418
Fund Balance (Deficit) Beginning of Year	(402,614)	688,954	286,340
Fund Balance End of Year	\$625,719	\$393,039	\$1,018,758

Trotwood-Madison City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2006

	Public School	Other Grants	Classroom Facilities Maintenance	Extracurricular Activity	Auxiliary Services
Assets:					
Equity in Pooled Cash and Investments	\$30,955	\$14,379	\$198,805	\$25,505	\$31,709
Receivables:					
Taxes	0	0	134,512	0	0
Intergovernmental	0	0	0	0	2,903
Interfund	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	30,955	14,379	333,317	25,505	34,612
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	9,768
Interfund Payable	0	421	0	0	0
Deferred Revenue	0	0	124,723	0	2,903
Total Liabilities	0	421	124,723	0	12,671
Fund Balances:					
Reserved for Encumbrances	1,025	0	0	25,503	861
Reserved for Inventory	0	0	0	0	0
Reserved for Property Tax Advances	0	0	9,789	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	29,930	13,958	198,805	2	21,080
Total Fund Balances	30,955	13,958	208,594	25,505	21,941
Total Liabilities and Fund Balances	\$30,955	\$14,379	\$333,317	\$25,505	\$34,612

Management Information	Entry Year Programs	Data Communications	School Net Professional Development	Ohio Reads	Summer School Subsidy	Reading Improvement Grant
\$3,584	\$7	\$0	\$11,286	\$1,128	\$0	\$1,456
0	0	0	0	0	0	0
0	0	0	15,000	13,965	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>3,584</u>	<u>7</u>	<u>0</u>	<u>26,286</u>	<u>15,093</u>	<u>0</u>	<u>1,456</u>
114	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	15,000	9,965	0	0
<u>114</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>9,965</u>	<u>0</u>	<u>0</u>
42	0	0	399	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>3,428</u>	<u>7</u>	<u>0</u>	<u>10,887</u>	<u>5,128</u>	<u>0</u>	<u>1,456</u>
<u>3,470</u>	<u>7</u>	<u>0</u>	<u>11,286</u>	<u>5,128</u>	<u>0</u>	<u>1,456</u>
<u>\$3,584</u>	<u>\$7</u>	<u>\$0</u>	<u>\$26,286</u>	<u>\$15,093</u>	<u>\$0</u>	<u>\$1,456</u>

Continued

Trotwood-Madison City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2006

	Title VIB / Preschool	Title I	Title V	Drug-Free Schools	EHA Pre-School Grant
Assets:					
Equity in Pooled Cash and Investments	\$4,109	\$95,588	\$655	\$3	\$71
Receivables:					
Taxes	0	0	0	0	0
Intergovernmental	224,780	275,952	5,627	2,318	2,672
Interfund	0	0	30	0	0
Inventory	0	0	0	0	0
Total Assets	228,889	371,540	6,312	2,321	2,743
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	405	0	0	0
Accrued Wages and Benefits	63,930	127,340	0	0	0
Interfund Payable	5,225	0	0	825	0
Deferred Revenue	224,780	275,952	5,627	2,318	2,672
Total Liabilities	293,935	403,697	5,627	3,143	2,672
Fund Balances:					
Reserved for Encumbrances	4,033	56,103	350	0	0
Reserved for Inventory	0	0	0	0	0
Reserved for Property Tax Advances	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	(69,079)	(88,260)	335	(822)	71
Total Fund Balances	(65,046)	(32,157)	685	(822)	71
Total Liabilities and Fund Balances	\$228,889	\$371,540	\$6,312	\$2,321	\$2,743

Title VI-R	Goals 2000	Food Service	Uniform School Supply	Poverty Based Aid	Total Nonmajor Special Revenue Funds
\$3,356	\$66,423	\$29,868	\$25,881	\$645,108	\$1,189,876
0	0	0	0	0	134,512
82,043	86,874	0	0	0	712,134
0	0	0	0	0	30
0	0	7,931	0	0	7,931
<u>85,399</u>	<u>153,297</u>	<u>37,799</u>	<u>25,881</u>	<u>645,108</u>	<u>2,044,483</u>
0	1,349	0	0	0	1,868
13,545	136,991	42,648	0	187,942	582,164
50,034	4,677	0	0	0	61,182
22,736	86,874	0	0	0	773,550
<u>86,315</u>	<u>229,891</u>	<u>42,648</u>	<u>0</u>	<u>187,942</u>	<u>1,418,764</u>
3,349	5,365	10,951	196	0	108,177
0	0	7,931	0	0	7,931
0	0	0	0	0	9,789
<u>(4,265)</u>	<u>(81,959)</u>	<u>(23,731)</u>	<u>25,685</u>	<u>457,166</u>	<u>499,822</u>
<u>(916)</u>	<u>(76,594)</u>	<u>(4,849)</u>	<u>25,881</u>	<u>457,166</u>	<u>625,719</u>
<u>\$85,399</u>	<u>\$153,297</u>	<u>\$37,799</u>	<u>\$25,881</u>	<u>\$645,108</u>	<u>\$2,044,483</u>

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Public School	Other Grants	Classroom Facilities Maintenance	Extracurricular Activity	Auxiliary Services
Revenues:					
Taxes	\$0	\$0	\$215,693	\$0	\$0
Tuition and Fees	0	0	0	0	0
Intergovernmental	0	0	6,123	0	162,149
Extracurricular Activities	42,785	8,258	0	161,357	0
Charges for Services	0	0	0	0	0
Other Revenues	0	4,000	0	210	0
Total Revenues	42,785	12,258	221,816	161,567	162,149
Expenditures:					
Current:					
Instruction:					
Regular	0	15,547	0	0	0
Special	0	0	0	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	745	3,336	0	0	0
Instructional Staff	500	17,702	0	1,260	0
School Administration	0	0	0	147,174	5,909
Fiscal	0	0	1,605	0	0
Operations and Maintenance	0	0	11,617	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	136,498
Extracurricular Activities	39,599	0	0	16,199	0
Total Expenditures	40,844	36,585	13,222	164,633	142,407
Excess of Revenues Over (Under) Expenditures	1,941	(24,327)	208,594	(3,066)	19,742
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	1,941	(24,327)	208,594	(3,066)	19,742
Fund Balance Beginning of Year	29,014	38,285	0	28,571	2,199
Fund Balance End of Year	\$30,955	\$13,958	\$208,594	\$25,505	\$21,941

Management Information	Entry Year Programs	Data Communications	School Net Professional Development	Ohio Reads	Summer School Subsidy	Reading Improvement Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
11,163	0	18,000	13,925	92,245	52,350	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
11,163	0	18,000	13,925	92,245	52,350	0
0	0	0	0	80,568	60,020	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	2,000	1,798	0
0	0	0	0	1,975	4,042	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
7,709	0	18,000	4,500	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
7,709	0	18,000	4,500	84,543	65,860	0
3,454	0	0	9,425	7,702	(13,510)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,454	0	0	9,425	7,702	(13,510)	0
16	7	0	1,861	(2,574)	13,510	1,456
\$3,470	\$7	\$0	\$11,286	\$5,128	\$0	\$1,456

Continued

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Title VIB / Preschool	Title I	Title V	Drug-Free Schools	EHA Pre-School Grant
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$0
Tuition and Fees	0	0	0	0	0
Intergovernmental	893,236	1,240,485	10,859	26,304	8,165
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	893,236	1,240,485	10,859	26,304	8,165
Expenditures:					
Current:					
Instruction:					
Regular	7,707	0	0	0	0
Special	0	62,611	0	0	0
Other	0	260,879	0	0	0
Support Services:					
Pupil	633,175	328,538	11,021	26,909	8,481
Instructional Staff	0	600,855	0	0	0
School Administration	174,748	59,376	0	567	0
Fiscal	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	52,758	34,800	734	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	868,388	1,347,059	11,755	27,476	8,481
Excess of Revenues Over (Under) Expenditures	24,848	(106,574)	(896)	(1,172)	(316)
Other Financing Sources (Uses):					
Transfers In	0	809	0	0	0
Total Other Financing Sources (Uses)	0	809	0	0	0
Net Change in Fund Balance	24,848	(105,765)	(896)	(1,172)	(316)
Fund Balance Beginning of Year	(89,894)	73,608	1,581	350	387
Fund Balance End of Year	(\$65,046)	(\$32,157)	\$685	(\$822)	\$71

<u>Title VI-R</u>	<u>Goals 2000</u>	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Poverty Based Aid</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$0	\$0	\$0	\$0	\$0	\$215,693
0	0	0	48,796	0	48,796
332,559	1,323,330	1,225,336	0	2,269,568	7,685,797
0	0	0	0	0	212,400
0	0	458,829	0	0	458,829
0	0	0	1,035	0	5,245
<u>332,559</u>	<u>1,323,330</u>	<u>1,684,165</u>	<u>49,831</u>	<u>2,269,568</u>	<u>8,626,760</u>
119,238	491,632	0	0	976,160	1,750,872
0	0	0	0	59,257	121,868
0	20,153	0	0	219,715	500,747
0	1,349	0	0	92,220	1,105,774
188,785	657,959	0	0	233,717	1,704,576
17,117	36,836	0	0	43,508	491,252
0	0	0	0	0	1,605
0	0	0	0	0	11,617
5,000	12,000	0	0	0	47,209
0	260	1,511,361	71,507	0	1,807,918
0	0	0	0	0	55,798
<u>330,140</u>	<u>1,220,189</u>	<u>1,511,361</u>	<u>71,507</u>	<u>1,624,577</u>	<u>7,599,236</u>
<u>2,419</u>	<u>103,141</u>	<u>172,804</u>	<u>(21,676)</u>	<u>644,991</u>	<u>1,027,524</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>809</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>809</u>
2,419	103,141	172,804	(21,676)	644,991	1,028,333
(3,335)	(179,735)	(177,653)	47,557	(187,825)	(402,614)
<u>(\$916)</u>	<u>(\$76,594)</u>	<u>(\$4,849)</u>	<u>\$25,881</u>	<u>\$457,166</u>	<u>\$625,719</u>

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	Permanent Improvement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$313,055	\$22,222	\$335,277
Receivables:			
Taxes	675,254	0	675,254
Interfund	0	8,619	8,619
Total Assets	988,309	30,841	1,019,150
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	626,111	0	626,111
Total Liabilities	626,111	0	626,111
Fund Balances:			
Reserved for Encumbrances	2,231	0	2,231
Reserved for Property Tax Advances	49,143	0	49,143
Unreserved, Undesignated, Reported in: Capital Projects Funds	310,824	30,841	341,665
Total Fund Balances	362,198	30,841	393,039
Total Liabilities and Fund Balances	\$988,309	\$30,841	\$1,019,150

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006

	Permanent Improvement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$673,847	\$0	\$673,847
Intergovernmental	73,425	34,944	108,369
Total Revenues	<u>747,272</u>	<u>34,944</u>	<u>782,216</u>
Expenditures:			
Support Services:			
Fiscal	11,775	0	11,775
Central	245,465	12,722	258,187
Debt Service:			
Principal Retirement	168,000	0	168,000
Interest and Fiscal Charges	435,169	0	435,169
Total Expenditures	<u>860,409</u>	<u>12,722</u>	<u>873,131</u>
Excess of Revenues Over (Under) Expenditures	<u>(113,137)</u>	<u>22,222</u>	<u>(90,915)</u>
Other Financing Sources (Uses):			
Transfers (Out)	<u>(205,000)</u>	<u>0</u>	<u>(205,000)</u>
Total Other Financing Sources (Uses)	<u>(205,000)</u>	<u>0</u>	<u>(205,000)</u>
Net Change in Fund Balance	(318,137)	22,222	(295,915)
Fund Balance (Deficit) Beginning of Year	<u>680,335</u>	<u>8,619</u>	<u>688,954</u>
Fund Balance End of Year	<u><u>\$362,198</u></u>	<u><u>\$30,841</u></u>	<u><u>\$393,039</u></u>

Trotwood-Madison City School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006

	Student Managed Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$22,924	\$26,744	\$29,599	\$20,069
Total Assets	<u>22,924</u>	<u>26,744</u>	<u>29,599</u>	<u>20,069</u>
Liabilities:				
Other Liabilities	22,924	26,744	29,599	\$20,069
Total Liabilities	<u>\$22,924</u>	<u>\$26,744</u>	<u>\$29,599</u>	<u>\$20,069</u>

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Public School Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$46,049	\$42,785	(\$3,264)
Total Revenues	46,049	42,785	(3,264)
Expenditures:			
Current:			
Support Services:			
Pupil	852	745	107
Instructional Staff	572	500	72
Extracurricular Activities	46,464	40,624	5,840
Total Expenditures	47,888	41,869	6,019
Excess of Revenues Over (Under) Expenditures	(1,839)	916	2,755
Other financing sources (uses):			
Transfers In	0	1,290	1,290
Transfers (Out)	(1,475)	(1,290)	185
Total Other Financing Sources (Uses)	(1,475)	0	1,475
Net Change in Fund Balance	(3,314)	916	4,230
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,014	29,014	0
Fund Balance End of Year	\$25,700	\$29,930	\$4,230

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Final Budget	Other Grants Fund Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$8,258	\$8,258	\$0
Other Revenues	4,000	4,000	0
Total Revenues	12,258	12,258	0
Expenditures:			
Current:			
Instruction:			
Regular	17,840	15,547	2,293
Support Services:			
Pupil	3,828	3,336	492
Instructional Staff	24,031	20,942	3,089
Total Expenditures	45,699	39,825	5,874
Net Change in Fund Balance	(33,441)	(27,567)	5,874
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	41,946	41,946	0
Fund Balance End of Year	\$8,505	\$14,379	\$5,874

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Classroom Facilities Maintenance		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$209,762	\$205,904	(\$3,858)
Intergovernmental	6,238	6,123	(115)
Total Revenues	<u>216,000</u>	<u>212,027</u>	<u>(3,973)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	3,035	1,605	1,430
Operations and Maintenance	21,965	11,617	10,348
Total Expenditures	<u>25,000</u>	<u>13,222</u>	<u>11,778</u>
Net Change in Fund Balance	191,000	198,805	7,805
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$191,000</u></u>	<u><u>\$198,805</u></u>	<u><u>\$7,805</u></u>

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Extracurricular Activity Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$161,643	\$161,356	(\$287)
Other Revenues	210	210	0
Total Revenues	161,853	161,566	(287)
Expenditures:			
Current:			
Support Services:			
Instructional Staff	1,461	1,260	201
School Administration	173,662	149,819	23,843
Extracurricular Activities	18,777	16,199	2,578
Total Expenditures	193,900	167,278	26,622
Excess of Revenues Over (Under) Expenditures	(32,047)	(5,712)	26,335
Other financing sources (uses):			
Transfers In	6	6	0
Transfers (Out)	(7)	(6)	1
Total Other Financing Sources (Uses)	(1)	0	1
Net Change in Fund Balance	(32,048)	(5,712)	26,336
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,569	28,569	0
Fund Balance End of Year	(\$3,479)	\$22,857	\$26,336

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$162,149	\$162,149	\$0
Total Revenues	162,149	162,149	0
Expenditures:			
Current:			
Support Services:			
School Administration	7,120	5,909	1,211
Operation of Non-Instructional Services	174,210	144,575	29,635
Total Expenditures	181,330	150,484	30,846
Net Change in Fund Balance	(19,181)	11,665	30,846
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,181	19,181	0
Fund Balance End of Year	\$0	\$30,846	\$30,846

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Management Information Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$11,163	\$11,163	\$0
Total Revenues	11,163	11,163	0
Expenditures:			
Current:			
Support Services:			
Central	7,796	7,750	46
Total Expenditures	7,796	7,750	46
Net Change in Fund Balance	3,367	3,413	46
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16	16	0
Fund Balance End of Year	\$3,383	\$3,429	\$46

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Entry Year Programs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	8	0	8
Total Expenditures	8	0	8
Net Change in Fund Balance	(8)	0	8
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8	8	0
Fund Balance End of Year	\$0	\$8	\$8

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Data Communications Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$18,000	\$18,000	\$0
Total Revenues	18,000	18,000	0
Expenditures:			
Current:			
Support Services:			
Central	18,000	18,000	0
Total Expenditures	18,000	18,000	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	School Net Professional Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$13,925	\$13,925	\$0
Total Revenues	13,925	13,925	0
Expenditures:			
Current:			
Support Services:			
Central	5,162	4,899	263
Total Expenditures	5,162	4,899	263
Net Change in Fund Balance	8,763	9,026	263
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,862	1,862	0
Fund Balance End of Year	\$10,625	\$10,888	\$263

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$104,162	\$88,245	(\$15,917)
Total Revenues	104,162	88,245	(15,917)
Expenditures:			
Current:			
Instruction:			
Regular	89,377	80,568	8,809
Support Services:			
Instructional Staff	2,219	2,000	219
School Administration	2,191	1,975	216
Total Expenditures	93,787	84,543	9,244
Excess of Revenues Over (Under) Expenditures	10,375	3,702	(6,673)
Other financing sources (uses):			
Advances In	7,828	6,632	(1,196)
Advances (Out)	(10,214)	(9,207)	1,007
Total Other Financing Sources (Uses)	(2,386)	(2,575)	(189)
Net Change in Fund Balance	7,989	1,127	(6,862)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$7,989	\$1,127	(\$6,862)

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Summer School Subsidy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$52,350	\$52,350
Total Revenues	0	52,350	52,350
Expenditures:			
Current:			
Instruction:			
Regular	60,021	60,020	1
Support Services:			
Instructional Staff	1,798	1,798	0
School Administration	4,040	4,040	0
Total Expenditures	65,859	65,858	1
Excess of Revenues Over (Under) Expenditures	(65,859)	(13,508)	52,351
Other financing sources (uses):			
Advances (Out)	(15,000)	(15,000)	0
Total Other Financing Sources (Uses)	(15,000)	(15,000)	0
Net Change in Fund Balance	(80,859)	(28,508)	52,351
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,508	28,508	0
Fund Balance End of Year	(\$52,351)	\$0	\$52,351

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Reading Improvement Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Title VIB / Preschool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$893,236	\$893,236	\$0
Total Revenues	893,236	893,236	0
Expenditures:			
Current:			
Instruction:			
Regular	14,032	11,740	2,292
Support Services:			
Pupil	729,219	610,109	119,110
School Administration	208,864	174,748	34,116
Operation of Non-Instructional Services	62,540	52,325	10,215
Total Expenditures	1,014,655	848,922	165,733
Excess of Revenues Over (Under) Expenditures	(121,419)	44,314	165,733
Other financing sources (uses):			
Advances In	5,224	5,224	0
Advances (Out)	(59,121)	(49,464)	9,657
Total Other Financing Sources (Uses)	(53,897)	(44,240)	9,657
Net Change in Fund Balance	(175,316)	74	175,390
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	(\$175,316)	\$74	\$175,390

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,303,237	\$1,240,486	(\$62,751)
Other Revenues	168,688	160,566	(8,122)
Total Revenues	<u>1,471,925</u>	<u>1,401,052</u>	<u>(70,873)</u>
Expenditures:			
Current:			
Instruction:			
Special	185,044	181,424	3,620
Other	296,153	290,359	5,794
Support Services:			
Pupil	273,825	268,468	5,357
Instructional Staff	574,488	563,248	11,240
School Administration	60,561	59,376	1,185
Operation of Non-Instructional Services	28,563	28,004	559
Total Expenditures	<u>1,418,634</u>	<u>1,390,879</u>	<u>27,755</u>
Excess of Revenues Over (Under) Expenditures	<u>53,291</u>	<u>10,173</u>	<u>(43,118)</u>
Other financing sources (uses):			
Advances In	850	809	(41)
Advances (Out)	(825)	(809)	16
Transfers In	850	809	(41)
Total Other Financing Sources (Uses)	<u>875</u>	<u>809</u>	<u>(66)</u>
Net Change in Fund Balance	54,166	10,982	(43,184)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>28,100</u>	<u>28,100</u>	<u>0</u>
Fund Balance End of Year	<u>\$82,266</u>	<u>\$39,082</u>	<u>(\$43,184)</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Title V Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$10,859	\$10,859	\$0
Total Revenues	10,859	10,859	0
Expenditures:			
Current:			
Support Services:			
Pupil	15,019	11,372	3,647
Operation of Non-Instructional Services	968	733	235
Total Expenditures	15,987	12,105	3,882
Excess of Revenues Over (Under) Expenditures	(5,128)	(1,246)	3,882
Other financing sources (uses):			
Transfers In	1,551	1,551	0
Transfers (Out)	(2,048)	(1,551)	497
Total Other Financing Sources (Uses)	(497)	0	497
Net Change in Fund Balance	(5,625)	(1,246)	4,379
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,549	1,549	0
Fund Balance End of Year	(\$4,076)	\$303	\$4,379

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Drug-Free Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$26,377	\$26,304	(\$73)
Total Revenues	26,377	26,304	(73)
Expenditures:			
Current:			
Support Services:			
Pupil	27,862	26,909	953
School Administration	587	567	20
Total Expenditures	28,449	27,476	973
Excess of Revenues Over (Under) Expenditures	(2,072)	(1,172)	900
Other financing sources (uses):			
Advances In	827	825	(2)
Total Other Financing Sources (Uses)	827	825	(2)
Net Change in Fund Balance	(1,245)	(347)	898
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	350	350	0
Fund Balance End of Year	(\$895)	\$3	\$898

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	EHA Pre-School Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$8,187	\$8,165	(\$22)
Total Revenues	8,187	8,165	(22)
Expenditures:			
Current:			
Support Services:			
Pupil	11,122	8,481	2,641
Total Expenditures	11,122	8,481	2,641
Excess of Revenues Over (Under) Expenditures	(2,935)	(316)	2,619
Other financing sources (uses):			
Transfers In	78	78	0
Transfers (Out)	(102)	(78)	24
Total Other Financing Sources (Uses)	(24)	0	24
Net Change in Fund Balance	(2,959)	(316)	2,643
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	386	386	0
Fund Balance End of Year	(\$2,573)	\$70	\$2,643

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Title VI-R Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$274,025	\$273,252	(\$773)
Total Revenues	274,025	273,252	(773)
Expenditures:			
Current:			
Instruction:			
Regular	140,744	114,865	25,879
Support Services:			
Instructional Staff	235,422	192,134	43,288
School Administration	20,973	17,117	3,856
Central	6,127	5,000	1,127
Total Expenditures	403,266	329,116	74,150
Excess of Revenues Over (Under) Expenditures	(129,241)	(55,864)	73,377
Other financing sources (uses):			
Advances In	50,176	50,034	(142)
Total Other Financing Sources (Uses)	50,176	50,034	(142)
Net Change in Fund Balance	(79,065)	(5,830)	73,235
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,836	5,836	0
Fund Balance End of Year	(\$73,229)	\$6	\$73,235

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Goals 2000 Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,323,897	\$1,323,330	(\$567)
Total Revenues	1,323,897	1,323,330	(567)
Expenditures:			
Current:			
Instruction:			
Regular	486,118	472,150	13,968
Other	20,749	20,153	596
Support Services:			
Instructional Staff	729,730	708,762	20,968
School Administration	37,926	36,836	1,090
Central	12,355	12,000	355
Operation of Non-Instructional Services	3,426	3,328	98
Total Expenditures	1,290,304	1,253,229	37,075
Excess of Revenues Over (Under) Expenditures	33,593	70,101	36,508
Other financing sources (uses):			
Advances In	4,679	4,677	(2)
Advances (Out)	(74,323)	(72,187)	2,136
Transfers In	289	289	0
Transfers (Out)	(298)	(289)	9
Total Other Financing Sources (Uses)	(69,653)	(67,510)	2,143
Net Change in Fund Balance	(36,060)	2,591	38,651
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	57,113	57,113	0
Fund Balance End of Year	\$21,053	\$59,704	\$38,651

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,224,786	\$1,173,541	(\$51,245)
Charges for Services	478,865	458,829	(20,036)
Total Revenues	1,703,651	1,632,370	(71,281)
Expenditures:			
Current:			
Support Services:			
Operation of Non-Instructional Services	1,617,446	1,444,323	173,123
Total Expenditures	1,617,446	1,444,323	173,123
Excess of Revenues Over (Under) Expenditures	86,205	188,047	101,842
Other financing sources (uses):			
Advances (Out)	(222,690)	(200,000)	22,690
Total Other Financing Sources (Uses)	(222,690)	(200,000)	22,690
Net Change in Fund Balance	(136,485)	(11,953)	124,532
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,867	30,867	0
Fund Balance End of Year	(\$105,618)	\$18,914	\$124,532

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Uniform School Supply Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	84,116	\$48,796	(\$35,320)
Other Revenues	1,784	1,035	(749)
Total Revenues	85,900	49,831	(36,069)
Expenditures:			
Current:			
Operation of Non-Instructional Services	85,110	71,704	13,406
Total Expenditures	85,110	71,704	13,406
Net Change in Fund Balance	790	(21,873)	(22,663)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	47,557	47,557	0
Fund Balance End of Year	\$48,347	\$25,684	(\$22,663)

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Poverty Based Aid		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,303,413	\$2,269,568	(\$33,845)
Total Revenues	2,303,413	2,269,568	(33,845)
Expenditures:			
Current:			
Instruction:			
Regular	1,251,884	962,523	289,361
Special	77,071	59,257	17,814
Other	285,767	219,715	66,052
Support Services:			
Pupil	119,944	92,220	27,724
Instructional Staff	303,979	233,717	70,262
School Administration	74,168	57,025	17,143
Total Expenditures	2,112,813	1,624,457	488,356
Net Change in Fund Balance	190,600	645,111	454,511
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,218	2,218	0
Fund Balance End of Year	\$192,818	\$647,329	\$454,511

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$2,283,829	\$2,283,297	(\$532)
Investment Earnings	5,956	5,955	(1)
Intergovernmental	249,697	249,639	(58)
Total Revenues	2,539,482	2,538,891	(591)
Expenditures:			
Current:			
Instruction:			
Regular	1	0	1
Support Services:			
Fiscal	69,536	40,284	29,252
Debt Service:			
Principal Retirement	735,000	735,000	0
Interest and Fiscal Charges	1,595,463	1,595,463	0
Total Expenditures	2,400,000	2,370,747	29,253
Net Change in Fund Balance	139,482	168,144	28,662
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	681,420	681,420	0
Fund Balance End of Year	\$820,902	\$849,564	\$28,662

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Classroom Facilities Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$172,557	\$172,557	\$0
Intergovernmental	20,589,220	20,589,220	0
Other Revenues	1,710,943	1,710,943	0
Total Revenues	<u>22,472,720</u>	<u>22,472,720</u>	<u>0</u>
Expenditures:			
Current:			
Capital Outlay	14,350,602	12,575,544	1,775,058
Total Expenditures	<u>14,350,602</u>	<u>12,575,544</u>	<u>1,775,058</u>
Net Change in Fund Balance	8,122,118	9,897,176	1,775,058
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,201,258</u>	<u>1,201,258</u>	<u>0</u>
Fund Balance End of Year	<u>\$9,323,376</u>	<u>\$11,098,434</u>	<u>\$1,775,058</u>

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	Permanent Improvement Renewal Fund		Variance from Final Budget
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$235,486	\$235,486	\$0
Other Revenues	33,920	33,920	0
Total Revenues	269,406	269,406	0
Expenditures:			
Current:			
Support Services:			
Fiscal	1,097	858	239
Capital Outlay	10,009,383	7,832,181	2,177,202
Total Expenditures	10,010,480	7,833,039	2,177,441
Excess of Revenues Over (Under) Expenditures	(9,741,074)	(7,563,633)	2,177,441
Other financing sources (uses):			
Issuance of Short-Term Notes	3,800,000	3,800,000	0
Transfers In	4,829,896	4,829,896	0
Total Other Financing Sources (Uses)	8,629,896	8,629,896	0
Net Change in Fund Balance	(1,111,178)	1,066,263	2,177,441
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,207,792	3,207,792	0
Fund Balance End of Year	\$2,096,614	\$4,274,055	\$2,177,441

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Permanent Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$694,264	\$686,417	(\$7,847)
Intergovernmental	74,265	73,426	(839)
Total Revenues	<u>768,529</u>	<u>759,843</u>	<u>(8,686)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	12,179	11,775	404
Central	256,391	247,876	8,515
Debt Service:			
Principal Retirement	385,813	373,000	12,813
Interest and Fiscal Charges	450,117	435,169	14,948
Total Expenditures	<u>1,104,500</u>	<u>1,067,820</u>	<u>36,680</u>
Excess of Revenues Over (Under) Expenditures	<u>(335,971)</u>	<u>(307,977)</u>	<u>27,994</u>
Other financing sources (uses):			
Transfers (Out)	<u>(4,995,805)</u>	<u>(4,829,896)</u>	<u>165,909</u>
Total Other Financing Sources (Uses)	<u>(4,995,805)</u>	<u>(4,829,896)</u>	<u>165,909</u>
Net Change in Fund Balance	(5,331,776)	(5,137,873)	193,903
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>5,448,696</u>	<u>5,448,696</u>	<u>0</u>
Fund Balance End of Year	<u>\$116,920</u>	<u>\$310,823</u>	<u>\$193,903</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	SchoolNet Plus Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$34,944	\$34,944	\$0
Total Revenues	34,944	34,944	0
Expenditures:			
Current:			
Central	34,944	12,722	22,222
Total Expenditures	34,944	12,722	22,222
Net Change in Fund Balance	0	22,222	22,222
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$22,222	\$22,222

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

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

Trotwood-Madison City School District
 Net Assets by Component,
 Last Four Fiscal Years (1)
 (accrual basis of accounting)
 Schedule I

	Fiscal Year			
	2003	2004	2005 - Restated	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$6,737,050	\$4,698,472	\$0	\$4,295,970
Restricted	3,213,449	5,254,994	5,673,721	20,923,955
Unrestricted	1,090,984	5,197,491	4,860,773	6,161,391
Total Government Net Assets	<u>\$11,041,483</u>	<u>\$15,150,957</u>	<u>\$10,534,494</u>	<u>\$31,381,316</u>

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Source: District Records

Trotwood-Madison City School District
Expenses, Program Revenues and Net (Expense)/Revenue
Last Four Fiscal Years (1)
(accrual basis of accounting)
Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$19,239,136	\$21,250,122	\$21,254,126	\$23,303,921
Pupil	1,407,173	1,474,997	1,792,572	2,054,086
Instructional Staff	1,899,162	1,873,503	2,566,856	3,166,312
General Administration	118,082	47,559	39,136	47,089
School Administration	2,471,413	2,567,107	2,702,760	2,835,488
Business and Fiscal	876,610	1,108,488	939,295	1,282,457
Operation and Maintenance	2,229,176	2,488,552	2,566,632	3,002,859
Pupil Transportation	1,300,394	1,599,259	1,772,666	1,718,554
Central	762,348	888,264	1,760,909	1,955,050
Operation of Non-Instructional Services	153,418	1,899,807	1,901,656	1,846,835
Extracurricular Activities	495,499	664,663	649,110	640,491
Interest and Fiscal Charges	1,085,459	1,828,252	2,027,662	2,122,582
Total Government Expenses	<u>32,037,870</u>	<u>37,690,573</u>	<u>39,973,380</u>	<u>43,975,724</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	322,933	439,380	497,567	388,807
Pupil	2,463	649	0	0
Instructional Staff	350	93	0	0
School Administration	3,356	15,389	99,644	185,082
Operation and Maintenance	11,024	1,601	1,248	23,058
Pupil Transportation	72,454	0	0	0
Operation of Non-Instructional Services	0	497,182	0	458,829
Extracurricular Activities	112,438	138,622	76,025	76,104
Operating Grants and Contributions	5,574,064	7,237,406	5,120,360	9,308,685
Capital Grants and Contributions	0	26,165	1,750,966	22,314,973
Total Government Revenues	<u>6,099,082</u>	<u>8,356,487</u>	<u>7,545,810</u>	<u>32,755,538</u>
Net (Expense)/Revenue	<u>(\$25,938,788)</u>	<u>(\$29,334,086)</u>	<u>(\$32,427,570)</u>	<u>(\$11,220,186)</u>

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Source: District Records

Trotwood-Madison City School District
 General Revenues and Total Change in Net Assets,
 Last Four Fiscal Years (1)
 (accrual basis of accounting)
 Schedule 3

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue	(\$25,938,788)	(\$29,334,086)	(\$32,427,570)	(\$11,220,186)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes				
Property Taxes Levied for General Purposes	10,733,352	10,404,898	9,352,390	9,472,597
Property Taxes Levied for Special Revenue Purposes	0	0	0	232,700
Property Taxes Levied for Debt Service Purposes	1,546,904	2,321,932	2,089,660	2,156,926
Property Taxes Levied for Capital Projects Purposes	757,194	723,340	652,540	639,349
Grants and Entitlements Not Restricted to Specific Programs	16,418,135	18,862,095	19,932,305	19,005,150
Investment Earnings	866,183	655,825	2,067,063	443,894
Unrestricted Contributions	0	0	0	985
Other Revenues	566,453	727,282	1,037,593	115,406
Total Governmental Activities	<u>30,888,221</u>	<u>33,695,372</u>	<u>35,131,551</u>	<u>32,067,007</u>
Change in Net Assets	<u>\$4,949,433</u>	<u>\$4,361,286</u>	<u>\$2,703,981</u>	<u>\$20,846,821</u>

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Source: District Records

Trotwood-Madison City School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	N/A	N/A	\$978,441	\$1,717,652	\$1,735,096	\$1,354,748	\$1,010,303	\$713,517	\$1,196,084	\$1,107,565
Unreserved	N/A	N/A	(1,804,221)	(4,430,839)	1,224,877	1,332,783	2,526,726	4,479,415	5,455,335	4,411,577
Total General Fund	N/A	N/A	(825,780)	(2,713,187)	2,959,973	2,687,531	3,537,029	5,192,932	6,651,419	5,519,142
All Other Governmental Funds										
Reserved	N/A	N/A	0	707,171	246,739	0	400,193	334,670	2,190,254	10,257,922
Unreserved, Reported in:										
Capital Project Funds	N/A	N/A	(606,496)	445,575	661,730	19,252	33,294,871	31,803,045	12,263,489	14,305,618
Debt Service Funds	N/A	N/A	92,259	92,259	0	0	401,810	568,931	681,420	849,564
Special Revenue Funds	N/A	N/A	3,068,705	3,218,498	506,988	(45,440)	(1,332,398)	(476,493)	(552,326)	499,822
Total all Other Governmental Funds	N/A	N/A	\$2,554,468	\$4,463,503	\$1,413,457	(\$26,188)	\$32,764,476	\$32,232,153	\$14,584,837	\$25,912,926

Source: District Records

N/A - Information not available

Trotwood-Madison City School District
 Governmental Funds Revenues,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 5

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes	N/A	N/A	\$9,408,354	\$9,757,585	\$9,696,692	\$9,525,767	\$10,983,365	\$12,272,287	\$13,112,188	\$13,002,537
Tuition and Fees	N/A	N/A	460,982	646,067	656,545	642,918	349,333	438,388	545,451	269,525
Investment Earnings	N/A	N/A	344,143	413,277	410,011	174,936	866,182	655,825	641,432	924,112
Intergovernmental	N/A	N/A	16,873,915	17,541,312	18,732,650	20,088,331	20,741,782	26,301,097	28,972,539	50,726,377
Extracurricular Activities	N/A	N/A	142,497	151,626	144,258	130,290	122,263	128,222	133,818	212,400
Charges for Services	N/A	N/A	0	0	0	0	0	524,705	0	458,829
Other Revenues	N/A	N/A	131,107	358,212	491,351	219,017	577,477	704,654	891,503	231,264
Total Revenues	N/A	N/A	\$27,360,998	\$28,868,079	\$30,131,507	\$30,781,259	\$33,640,402	\$41,025,178	\$44,296,931	\$65,825,044

Source: District Records

N/A - Information not available

Trotwood-Madison City School District
 Governmental Funds Expenditures and Debt Service Ratio,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 6

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Regular Instruction	N/A	N/A	\$9,841,914	\$10,947,752	\$11,067,246	\$11,408,565	\$11,143,502	\$11,669,388	\$12,498,772	\$16,916,648
Special Instruction	N/A	N/A	4,954,661	4,774,198	5,069,101	5,904,393	6,845,033	8,676,652	8,535,025	4,500,000
Vocational Instruction	N/A	N/A	180,911	261,864	183,376	114,182	73,277	68,498	8,128	0
Other Instruction	N/A	N/A	20,667	18,035	8,075	126,266	46,784	97,987	62,674	520,563
Pupil	N/A	N/A	1,002,577	1,572,363	1,162,475	1,396,115	1,513,542	1,434,751	1,762,939	2,066,939
Instructional Staff	N/A	N/A	1,893,523	1,584,653	1,947,678	2,189,437	2,053,022	1,821,391	2,570,799	3,096,595
General Administration	N/A	N/A	77,614	63,990	91,779	60,718	115,555	45,032	36,609	45,787
School Administration	N/A	N/A	1,908,427	1,993,284	1,880,467	2,722,191	2,533,275	2,471,079	2,688,950	2,682,576
Fiscal	N/A	N/A	518,550	797,468	387,455	521,839	684,529	864,654	703,508	1,044,601
Business	N/A	N/A	205,879	394,212	7,018	240,260	223,745	224,818	231,696	241,799
Operations and Maintenance	N/A	N/A	2,789,946	3,712,541	1,337,284	2,308,202	2,250,885	2,394,250	2,595,880	2,929,502
Pupil Transportation	N/A	N/A	1,560,122	1,413,453	1,213,203	1,505,163	1,320,799	1,532,190	1,700,623	1,718,858
Central	N/A	N/A	866,009	1,283,737	1,154,007	876,302	1,042,194	1,198,833	1,582,291	1,778,091
Operation of Non-Instructional Services	N/A	N/A	66,969	18,953	58,150	28,742	154,267	1,797,240	1,894,853	1,812,050
Extracurricular Activities	N/A	N/A	437,394	433,215	437,767	416,011	713,357	618,822	607,482	627,603
Capital Outlay	N/A	N/A	46,536	281,721	1,257,758	503,666	2,570,080	12,225,982	19,818,735	12,718,076
Debt Service	N/A	N/A	1,094,274	1,144,604	1,141,392	1,187,718	1,313,327	2,783,580	2,943,297	2,981,752
Total Expenditures	N/A	N/A	\$27,485,973	\$30,696,043	\$28,404,231	\$31,509,770	\$34,597,173	\$49,925,147	\$60,242,261	\$55,681,440
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	4.44%	4.29%	4.42%	4.14%	4.41%	7.88%	7.78%	7.45%

Source: District Records

N/A - Information not available

Trotwood-Madison City School District
 Other Financing Sources and Uses and Net Change in Fund Balances,
 Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 7

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other Financing Sources (Uses)	N/A	N/A	\$0	\$0	\$0	\$0	\$35,000,000	\$0	\$0	\$0
Proceeds of Long Term Debt	N/A	N/A	0	1,100,000	900,805	0	0	0	0	0
Proceeds of Notes	N/A	N/A	0	0	0	371,450	0	0	0	0
Proceeds of Capital Leases	N/A	N/A	2,196	9,153	656	883	0	594	549	52,207
Sale of Capital Assets	N/A	N/A	3,345,500	4,113,824	0	315,650	35,185,398	215,000	320,277	205,809
Transfers In	N/A	N/A	(3,345,500)	(4,113,824)	0	(635,650)	(35,734,286)	(215,000)	(320,277)	(205,809)
Transfers Out	N/A	N/A	2,196	1,109,153	901,461	52,333	34,451,112	594	549	52,207
Total Other Financing Sources (Uses)	N/A	N/A	(\$122,779)	(\$718,811)	\$2,628,737	(\$676,178)	\$33,494,341	(\$8,899,375)	(\$15,944,781)	\$10,195,811
Net Change in Fund Balances	N/A	N/A	(\$122,779)	(\$718,811)	\$2,628,737	(\$676,178)	\$33,494,341	(\$8,899,375)	(\$15,944,781)	\$10,195,811

Source: District Records

N/A - Information not available

Trotwood-Madison City School District
 Assessed and Estimated Actual Value of Taxable Property
 Last Nine Collection (Calendar) Years (1)
 Schedule 8

Collection Year	Real Property Assessed Value (1)	Tangible Personal Property Assessed Value (1)	Public Utilities Personal Assessed Value (1)	Total Assessed Value (1)	Total Estimated Actual Value	Total Direct Rate
1997	204,600,340	26,392,499	17,268,210	248,261,049	709,765,362	N/A
1998	205,800,690	28,652,050	16,721,950	251,174,690	721,612,387	N/A
1999	208,856,650	27,039,712	16,267,380	252,163,742	723,377,793	N/A
2000	220,632,420	26,275,809	14,815,900	261,724,129	752,367,829	N/A
2001	220,430,720	24,947,808	13,390,910	258,769,438	744,810,232	52.64
2002	220,961,430	22,837,365	10,706,700	254,505,495	750,138,604	52.91
2003	252,118,370	20,069,465	10,870,750	283,058,585	828,534,150	61.05
2004	251,199,900	20,422,178	10,644,960	282,267,038	826,740,905	60.85
2005	251,503,910	19,182,894	10,647,830	281,334,634	822,659,739	60.70

Source: Montgomery County Auditor.

(1) - Assessed values shown in this schedule will not agree to amounts in the notes to the financial statements, since the schedules are shown on a calendar year basis, which is consistent with the method county auditors maintain this information

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

N/A - Information not available

Trotwood-Madison City School District
 Direct and Overlapping Property Tax Rates,
 Last Ten Calendar Years
 Schedule 9

Calendar Year	District Direct Rates				Overlapping Rates				
	General Purpose	Debt	Capital Purpose	Classroom Facilities	Montgomery County	City of Trotwood	City of Dayton	Library	MCCTC
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	49.49	0.00	3.15	0.00	17.24	11.64	10.00	0.26	2.58
2001	49.76	0.00	3.15	0.00	17.24	17.39	10.00	0.26	2.58
2002	49.29	8.61	3.15	0.00	17.24	17.39	10.00	0.26	2.58
2003	49.09	8.61	3.15	0.00	18.24	17.39	10.00	0.26	2.58
2004	48.94	8.61	3.15	0.00	18.24	17.39	10.00	1.25	2.58
2005	48.94	8.11	2.51	0.50	18.24	17.39	10.00	1.25	2.58

Source: Montgomery County Auditor

N/A - Information not available

Trotwood-Madison City School District
 Principal Property Tax Payers,
 Current Year and Nine Years Ago
 Schedule 10

Taxpayer	2006	
	Tangible Personal & Real Property	Percentage of Total Assessed Value
Dayton Power and Light Company	\$16,438,750	5.84%
Ohio Bell Telephone Co.	8,567,360	3.05%
Cross Pointe Associates, Inc.	8,052,120	2.86%
Miller Farm Apartments	7,790,470	2.77%
Voss Chevrolet, Inc.	6,636,970	2.36%
Washington Place Limited	6,506,070	2.31%
Streetplacechase Advisors	5,220,870	1.86%
CVS Partnerships	4,593,100	1.63%
Bob Ross Buick, Inc.	4,406,480	1.57%
Chesapeake Landing	3,953,350	1.41%
	<u>\$72,165,540</u>	<u>25.66%</u>
All Others:	<u>\$209,169,094</u>	<u>74.34%</u>
Total:	<u><u>\$281,334,634</u></u>	<u><u>100.00%</u></u>

Source: Montgomery County Auditor

Trotwood-Madison City School District
Property Tax Levies and Collections,
Last Ten Calendar Years
Schedule 11

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Delq. Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
1996	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$10,971,209	\$10,107,630	92.13%	\$443,833	\$10,551,463	96.17%
2001	10,939,132	9,775,364	89.36%	452,314	10,227,678	93.50%
2002	14,314,900	12,995,093	90.78%	922,714	13,917,807	97.23%
2003	14,024,868	12,898,028	91.97%	1,056,220	13,954,248	99.50%
2004	14,046,517	12,879,481	91.69%	1,129,154	14,008,635	99.73%
2005	14,324,332	13,072,198	91.26%	1,618,147	14,690,345	102.56%

Source: Montgomery County Auditor

(1) - Taxes levied and collected are presented on a cash basis

(2) - State reimbursements of rollback and homestead exemptions are included

N/A - Information not available

Trotwood-Madison City School District
 Outstanding Debt by Type,
 Last Ten Fiscal Years
 Schedule 12

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Tax Anticipation Notes						
1996	N/A	N/A	N/A			N/A	N/A	N/A	
1997	N/A	N/A	N/A			N/A	N/A	N/A	
1998	N/A	N/A	N/A			N/A	N/A	N/A	
1999	1,917,414	823,688	0			2,741,102	0.02%	100	
2000	2,329,602	535,165	0			2,864,767	0.02%	99	
2001	2,514,816	227,475	0			2,742,291	0.02%	92	
2002	969,875	0	770,000			1,739,875	0.01%	57	
2003	35,728,375	111,450	590,000			36,429,825	0.21%	1,183	
2004	35,017,827	10,129,000	400,000			45,546,827	0.26%	1,434	
2005	34,191,565	10,046,000	205,000			44,442,565	N/A	N/A	

Source: District Records

N/A - Information not available

Trotwood-Madison City School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2006
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Montgomery County	\$30,462,940	2.78%	\$846,870
Clayton City	2,899,999	2.79%	80,910
Dayton City	57,255,000	0.39%	223,295
Trotwood City	12,010,000	81.81%	9,825,381
Miami Valley Regional Transit Authority Misc	8,765,000	2.78%	243,667
Subtotal, Overlapping Debt	111,392,939		11,220,123
District Direct Debt	33,160,000	100.00%	33,160,000
Total Direct and Overlapping Debt	\$144,552,939		\$44,380,123

Source: Ohio Municipal Advisory Council

Trotwood-Madison City School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2006

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	N/A	N/A	\$22,605,722	\$22,694,737	\$23,555,172	\$23,289,249	\$22,905,495	\$25,475,273	\$25,404,033	\$25,520,117
Total Net Debt Applicable to Limit	N/A	N/A	325,500	2,329,602	987,500	35,641,000	35,000,000	34,813,000	34,006,500	33,160,000
Legal Debt Margin	N/A	N/A	\$22,280,222	\$20,365,135	\$22,567,672	(\$12,351,751)	(\$12,094,505)	(\$9,337,727)	(\$8,602,467)	(\$7,839,883)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	1.44%	10.26%	4.19%	153.04%	152.80%	136.65%	133.86%	130.96%

Assessed value (1) \$281,334,634
 Debt limit (9% of assessed value) 25,520,117
 Debt applicable to limit 33,160,000
 Legal debt margin (\$7,839,883)

Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2006 is calendar year 2005)

N/A - Information not available

Trotwood-Madison City School District
 Demographic and Economic Statistics
 Last Ten Calendar Years
 Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1996	29,358	\$14,518,795	\$25,517	4.00%
1997	29,358	14,518,795	25,517	4.00%
1998	29,358	15,047,037	26,551	4.10%
1999	29,358	15,446,351	27,487	3.90%
2000	27,420	16,167,661	28,949	4.00%
2001	27,420	16,563,468	29,827	4.00%
2002	27,420	16,810,295	30,404	4.30%
2003	27,420	16,984,405	30,784	4.30%
2004	27,420	17,461,179	31,773	4.30%
2005	27,420	N/A	N/A	6.10%

- Sources:
- (1) - Population estimates provided by U.S. Census Bureau
 - (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Montgomery County
 - (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Montgomery County
 - (4) - State of Ohio Bureau of Employment Services, rates for Montgomery County

N/A - Information not available

Trotwood-Madison City School District
 Principal Employers,
 Current Year (1)
 Schedule 16

2006		
Employers	Employees	Percentage of Total Total Employment
Wright Patterson Air Force Base	21,000	13.51%
Honda of America, Manufacturing, Inc.	13,000	8.36%
Premier Health Partners	9,000	5.79%
Kettering Medical Center Network	7,000	4.50%
Delphi Corporation	6,000	3.86%
Meijer Inc.	5,025	3.23%
The Reynolds and Reynolds Co.	4,400	2.83%
Montgomery County	4,000	2.57%
General Motors Corporation	4,000	2.57%
Miami University	3,500	2.25%
	<u>76,925</u>	<u>49.50%</u>

Source: Montgomery County Chamber of Commerce

(1) - Only current fiscal year information available

Trotwood-Madison City School District
 Full-time-Equivalent District Employees by Type
 Last Eight Fiscal Years (1)
 Schedule 17

	Fiscal Year							
	2006	2005	2004	2003	2002	2001	2000	1999
Official/Administrative								
Admin. Assistant	2.00	1.00	1.00	0.00	1.00	0.00	0.00	0.00
Assist. Deputy/Assoc. Superintendent	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Assist. Principal	3.00	3.00	5.00	5.00	3.00	4.00	4.00	4.00
Principals	7.00	8.00	7.00	12.00	9.00	7.00	8.00	8.00
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Supervising/Managing/Directing	3.35	4.00	5.00	9.00	8.00	6.00	6.00	7.00
Treasurer	1.00	1.00	1.00	2.00	2.00	1.00	2.00	2.00
Coordinator	6.85	5.00	7.00	6.00	7.00	7.00	6.00	3.00
Director	3.00	3.00	4.00	0.00	0.00	0.00	0.00	0.00
Other Official/Administrative	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Total Official/Administrative	29.20	28.00	33.00	37.00	33.00	26.00	27.00	25.00
Professional - Educational								
Curriculum Specialist	8.00	9.00	6.00	4.00	4.00	6.00	6.00	13.00
Counseling	5.00	5.00	3.00	5.00	7.00	5.00	5.00	5.00
Librarian/Media	2.00	2.00	2.00	3.00	3.00	2.00	1.00	2.00
Remedial Specialist	0.34	3.48	5.48	0.00	0.00	0.00	0.00	0.00
Regular Teaching	126.18	148.00	157.00	198.47	204.48	213.58	197.47	187.48
Special Education Teaching	12.63	6.00	7.00	28.00	33.00	25.00	27.00	29.00
Vocational Education Teaching	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00
Tutor/Small Group Instructor	2.36	5.00	5.00	10.20	11.96	10.96	7.96	5.76
Educ. Service Personnel Teacher	15.10	16.00	8.00	14.00	10.00	9.00	11.50	12.60
Suppl. Service Teacher (Spec. Ed.)	25.85	25.00	26.00	0.00	0.00	0.00	0.00	0.00
Permanent Substitute	1.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Other Professional	24.00	21.00	5.00	0.00	0.00	0.00	0.00	0.00
Total Professional - Education	222.46	242.48	226.48	262.67	273.44	273.54	257.93	256.84
Professional - Other								
Accounting	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
Audiologist	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Auditing	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
Personnel	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00
Psychologist	5.00	5.00	5.00	5.00	4.00	4.00	4.00	3.00
Publicity Relations	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Physical Therapist	0.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Speech and Language Therapist	4.33	4.00	6.00	3.42	3.42	4.42	4.42	3.42
Occupational Therapist	1.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mobility Therapist	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Educational Interpreter	1.00	2.00	2.00	1.00	1.00	1.00	1.00	0.00
Physical Therapy Assistant	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adapted Physical Education Therapist	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Professional - Other	12.43	11.00	13.00	12.42	10.42	11.42	10.42	7.42
Technical								
Computer Operating	0.00	0.00	0.00	2.00	2.00	0.00	0.00	0.00
Practical Nursing	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Library Aide	5.00	5.00	5.00	5.00	6.00	5.00	3.00	3.00
Other Technical	11.00	11.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Technical	17.00	17.00	5.00	7.00	8.00	5.00	3.00	3.00

(1) - Only last 8 fiscal years available

Trotwood-Madison City School District
 Full-time-Equivalent District Employees by Type
 Last Eight Fiscal Years (1)
 Schedule 17 (Continued)

	Fiscal Year							
	2006	2005	2004	2003	2002	2001	2000	1999
Office/Clerical								
Bookkeeping	1.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00
Clerical	29.00	30.00	31.00	30.00	33.00	32.00	27.00	26.00
Messenger	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
Teaching Aide	37.52	34.00	37.00	52.00	56.00	51.00	38.00	38.75
Telephone Operator	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Other Office/Clerical	0.00	0.00	0.00	2.00	0.00	1.00	1.00	0.00
Total Office/Clerical	<u>67.52</u>	<u>65.00</u>	<u>69.00</u>	<u>85.00</u>	<u>92.00</u>	<u>88.00</u>	<u>69.00</u>	<u>68.75</u>
Crafts and Trades								
General Maintenance	3.00	3.00	3.00	3.00	3.00	2.00	2.00	1.00
Mechanic	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00
Total Crafts and Trades	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>4.00</u>	<u>5.00</u>	<u>3.00</u>
Operative								
Vehicle Operator (other than buses)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Vehicle Operator (buses)	25.75	28.75	29.75	24.42	30.42	36.67	33.42	23.97
Total Operative	<u>25.75</u>	<u>28.75</u>	<u>29.75</u>	<u>24.42</u>	<u>30.42</u>	<u>36.67</u>	<u>33.42</u>	<u>24.97</u>
Extracurricular/Intracurricular Activities								
Advisor	0.00	0.00	1.00	2.00	2.00	0.00	0.00	0.00
Coaching	0.00	0.00	12.00	22.00	22.00	0.00	0.00	0.00
Athletic Trainer	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
Extra/Intra - Curricular Activities	0.00	0.00	3.50	4.50	7.50	0.00	0.00	0.00
Total Extracurricular/Intracurricular Activities	<u>0.00</u>	<u>0.00</u>	<u>16.50</u>	<u>28.50</u>	<u>31.50</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>
Service Work/Laborer								
Attendance Officer	2.00	2.00	3.00	1.00	2.00	2.00	2.00	2.00
Custodian	25.00	26.00	25.00	27.00	27.00	29.00	27.00	26.00
Food Service	22.80	24.80	24.80	29.80	28.80	22.00	23.80	21.50
Monitoring	5.00	7.00	3.00	4.00	6.00	4.00	7.00	1.00
Groundskeeping	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Service Work/Laborer	<u>56.80</u>	<u>60.80</u>	<u>56.80</u>	<u>62.80</u>	<u>64.80</u>	<u>58.00</u>	<u>60.80</u>	<u>51.50</u>
Total Employees	<u><u>436.16</u></u>	<u><u>458.03</u></u>	<u><u>454.53</u></u>	<u><u>524.81</u></u>	<u><u>548.58</u></u>	<u><u>503.63</u></u>	<u><u>466.57</u></u>	<u><u>440.48</u></u>

Source: State Department of Education

(1) - Only last 8 fiscal years available

Trotwood-Madison City School District
 Operating Statistics
 Last Ten Fiscal Years
 Schedule 18

Fiscal Year	Enrollment	Operating Expenditure	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	4,165	N/A	\$6,127	N/A	N/A	N/A	N/A	N/A	20.8	23.60%
1999	4,067	\$26,345,163	6,722	9.71%	N/A	N/A	N/A	N/A	18.6	23.00%
2000	3,786	29,269,718	8,130	20.95%	N/A	N/A	N/A	N/A	16.6	53.50%
2001	3,846	26,005,081	7,932	-2.44%	N/A	N/A	N/A	249	15.4	38.30%
2002	3,854	29,818,386	7,781	-1.90%	N/A	N/A	N/A	247	15.6	40.10%
2003	3,676	30,713,766	4,453	-42.77%	\$32,037,870	\$8,715	N/A	239	15.4	28.30%
2004	3,466	34,915,585	5,102	14.57%	37,690,573	10,874	24.77%	198	17.5	59.40%
2005	3,268	37,480,229	5,176	1.45%	39,973,380	12,232	12.48%	195	16.8	65.70%
2006	3,307	39,981,612	4,828	-6.72%	43,975,724	13,298	8.72%	180	18.4	60.50%

Source: District Records

N/A - Information not available

Trotwood-Madison City School District
 School Building Information,
 Last Ten Fiscal Years
 Schedule 19

School	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Broadmoor Elementary										
Square Feet	35,282	35,282	35,282	35,282	35,282	35,282	35,282	35,282	35,282	35,282
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	389	422	304	344	300	320	327	335	341	389
Madison Park Elementary										
Square Feet	N/A	N/A	40,116	40,116	40,116	40,116	40,116	40,116	40,116	40,116
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	383	399	387	426	379	439	493	423
Olivehill Elementary										
Square Feet	N/A	N/A	N/A	N/A	32,975	32,975	32,975	32,975	32,975	32,975
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	228	255	269	289	261	311
Shilohview Elementary										
Square Feet	41,530	41,530	41,530	41,530	41,530	41,530	41,530	41,530	41,530	41,530
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	318	353	343	365	388	422	440	426	451	443
Townview Elementary										
Square Feet	47,514	47,514	47,514	47,514	47,514	47,514	47,514	47,514	47,514	47,514
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	320	352	296	295	286	317	352	363	429	394
Westbrooke Village Elementary										
Square Feet	34,740	34,740	34,740	34,740	34,740	34,740	34,740	34,740	34,740	34,740
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	343	397	280	308	317	381	409	417	405	391
Trotwood-Madison Middle School										
Square Feet	84,065	84,065	84,065	84,065	84,065	84,065	84,065	84,065	84,065	84,065
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	538	620	546	590	635	676	628	576	560	624
Trotwood-Madison High School										
Square Feet	235,823	235,823	200,086	200,086	200,086	200,086	200,086	200,086	200,086	200,086
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,103	1,163	1,087	1,135	1,099	1,026	1,042	940	1,122	1,163

Source: District Records

THIS PAGE INTENTIONALLY LEFT BLANK



Mary Taylor, CPA
Auditor of State

TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY 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
MAY 10, 2007