

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

SUPPLEMENTAL REPORTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2004

DIANA C. WHITT, TREASURER



**Auditor of State
Betty Montgomery**

Board of Trustees
Trotwood-Madison City School District

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

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 24, 2005

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

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 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
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, 2004, and have issued our report thereon dated February 4, 2005. As disclosed in Note 20, the Trotwood-Madison City School District had a prior period adjustment to reclassify funds, restate a capital lease obligation and to restate capital assets. 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
February 4, 2005

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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:						
Nutrition Cluster:						
(A),(C) Food Distribution	10.550	N/A	\$ -	\$ 58,576	\$ -	\$ 58,576
(A),(D) School Breakfast Program	10.553	048694-05-PU-2003	38,752	-	38,752	-
(A),(D) School Breakfast Program	10.553	048694-05-PU-2004	143,676	-	143,676	-
(A),(D) National School Lunch	10.555	048694-LL-P1-2003	2,725	-	2,725	-
(A),(D) National School Lunch	10.555	048694-LL-P1-2004	109,261	-	109,261	-
(A),(D) National School Lunch	10.555	048694-LL-P4-2003	454,272	-	454,272	-
(A),(D) Summer Food Service Program for Children	10.559	048694-23-GD-2003	(393)	-	(393)	-
(A),(D) Summer Food Service Program for Children	10.559	048694-23-PU-2003	53,005	-	53,005	-
(A),(D) Summer Food Service Program for Children	10.559	048694-23-PU-2004	20,000	-	20,000	-
(A),(D) Summer Food Service Program for Children	10.559	048694-24-PU-2003	3,543	-	3,543	-
(A),(D) Summer Food Service Program for Children	10.559	048694-24-PU-2004	1,250	-	1,250	-
Total U.S. Department of Agriculture and Nutrition Cluster			826,091	58,576	826,091	58,576
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	048694-C1-S1-2003	688,932	-	-	-
Title I - Grants to Local Educational Agencies	84.010	048694-C1-S1-2004	1,226,173	-	1,363,887	-
Title I - Grants to Local Educational Agencies	84.010	048694-C1-SK-2003	44,928	-	-	-
Total Title I - Grants to Local Educational Agencies			1,960,033	-	1,363,887	-
Special Education Cluster:						
(B) Special Education: Grants to States	84.027	048694-6B-SF-2003-P	326,641	-	56,287	-
(B) Special Education: Grants to States	84.027	048694-6B-SF-2004	382,747	-	432,319	-
Total Special Education: Grants to States			709,388	-	488,606	-
(B) Special Education: Preschool Grants	84.173	048694-PG-S1-2003-P	5,727	-	-	-
(B) Special Education: Preschool Grants	84.173	048694-PG-S1-2004-P	7,089	-	5,750	-
Total Special Education: Preschool Grants			12,816	-	5,750	-
Total Special Education Cluster			722,204	-	494,356	-
Safe and Drug-Free Schools	84.186	048694-DR-S1-2003	14,657	-	-	-
Safe and Drug-Free Schools	84.186	048694-DR-S1-2004	44,781	-	44,781	-
Total Safe and Drug-Free Schools			59,438	-	44,781	-
Carol M. White Physical Fitness Grant	84.215F	S215F020372	5,200	-	4,596	-
Total Carol M. White Physical Fitness Grant			5,200	-	4,596	-
(F) GOALS 2000	84.276	048694-G2-SP-2001	(330)	-	-	-
Total GOALS 2000			(330)	-	-	-
State Grants for Innovative Programs	84.298	048694-C2-S1-2003	9,819	-	8,613	-
State Grants for Innovative Programs	84.298	048694-C2-S1-2004	12,670	-	11,554	-
Total State Grants for Innovative Programs			22,489	-	20,167	-
Technology Literacy Challenge Fund Grants	84.318	048694-TJ-S1-2003	6,873	-	5,111	-
Technology Literacy Challenge Fund Grants	84.318	048694-TJ-S1-2004	25,456	-	34,905	-
Technology Literacy Challenge Fund Grants	84.318	048694-TJ-SL-2004	135,574	-	155,678	-
Total Technology Literacy Challenge Fund Grants			167,903	-	195,694	-
Comprehensive School Reform Demonstration	84.332	048694-RF-CC-2003	13,529	-	38,934	-
Comprehensive School Reform Demonstration	84.332	048694-RF-CC-2004	57,995	-	54,138	-
Comprehensive School Reform Demonstration	84.332	048694-RF-S2-2003	12,150	-	66,558	-
Total Comprehensive School Reform Demonstration			83,674	-	159,630	-
Title VI-R - Class Size Reduction	84.340	048694-CR-S1-2002	69,837	-	-	-
Title VI-R - Class Size Reduction	84.340	048694-CR-S1-2002	-	-	18,058	-
Total Title VI-R - Class Size Reduction			69,837	-	18,058	-
Assistive Technology Infusion Project	84.352A	048694-AT-S2-2003	-	-	6,460	-
Total Assistive Technology Infusion Project			-	-	6,460	-
(G) Improving Teacher Quality State Grants	84.367	048694-TR-S1-2003	(12,122)	-	10,144	-
Improving Teacher Quality State Grants	84.367	048694-TR-S1-2004	239,217	-	378,235	-
Total Improving Teacher Quality State Grants			227,095	-	388,379	-
Total U.S. Department of Education			3,317,543	-	2,696,008	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
Community Alternative Funding System Program	93.778	N/A	63,914	-	63,914	-
Total Federal Financial Assistance			\$ 4,207,548	\$ 58,576	\$ 3,586,013	\$ 58,576

- (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 Distribution 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) Amount repaid to the Ohio Department of Education based on expiration of period of availability
 (G) Amount of \$12,122 transferred to the next grant year based on Ohio Department of Education administrative action.

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Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 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
Trotwood, OH 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, 2004, which collectively comprise the Trotwood-Madison City School District’s basic financial statements and have issued our report thereon dated February 4, 2005. As disclosed in Note 20 of the basic financial statements, the District had prior period adjustments to reclassify funds, restate cash with fiscal agent related to a capital lease, capital appreciation bonds, major funds and capital assets. 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 Trotwood-Madison City School 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 Trotwood-Madison City School District in a separate letter dated February 4, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trotwood-Madison City School District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, or other matters and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-TMCSD-001, 2004-TMCSD-002 and 2004-TMCSD-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of Trotwood-Madison City School District in a separate letter dated February 4, 2005.

Board of Education
Trotwood-Madison City School District

This report is intended solely for the information of the Board 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
February 4, 2005

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Worthington, Ohio 43085

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Facsimile 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
Trotwood, OH 45426

Compliance

We have audited the compliance of the Trotwood-Madison City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each major federal program for the fiscal year ended June 30, 2004. As disclosed in Note 20 of the basic financial statements, the District had prior period adjustments to reclassify funds, restate cash with fiscal agent related to a capital lease, capital appreciation bonds, major funds and capital assets. Trotwood-Madison City School 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 program is the responsibility of Trotwood-Madison City School District's management. Our responsibility is to express an opinion on Trotwood-Madison City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 Trotwood-Madison City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Trotwood-Madison City School District's compliance with those requirements.

Board of Education
Trotwood-Madison City School District

In our opinion, Trotwood-Madison City School District complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the fiscal year ended June 30, 2004.

Internal Control Over Compliance

The management of Trotwood-Madison City School 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 Trotwood-Madison City School 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. However, we noted a matter involving the internal control over compliance, which we have reported to the management of Trotwood-Madison City School District in a separate letter dated February 4, 2005.

This report is intended 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.



Trimble, Julian & Grube, Inc.
February 4, 2005

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

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: CFDA #10.550, CFDA #10.553, CFDA #10.555, CFDA #10.559; Special Education Cluster: Special Education; Preschool Grants CFDA #84.173 and Special Education: Grants to States CFDA #84.027; Teaching Quality State Grants: CFDA #84.367; Technology Literacy Challenge Fund Grants: CFDA #84.318
<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?	No

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

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

Finding Number	2004-TMCSD-001
----------------	----------------

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

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Nonmajor Funds</u>	
IDEA, PE B-Special Education	\$ 295,882
Title I	717,437
Title V	20,697
Drug-Free School Grant	6,657
EHA Preschool Grant	7,095
Title VI-R	19,820
SchoolNet Plus	4,998

With appropriations exceeding estimated resources the District is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

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.

The District Treasurer is attempting to prepare modifications to amended certificates throughout the year and certify them to the County Auditor.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2004-TMCSD-002
----------------	----------------

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures exceeding appropriations in the following funds:

<u>Major Funds:</u>	
General	\$ 232,696
Debt Service	2,110,170
Permanent Improvement	29,010
 <u>Nonmajor Funds:</u>	
Management Information System	14,014
Disadvantaged Pupil Impact Aid	1,884,950
Data Communication	21,000
Title I	77,809
Drug-Free School Grant	14,781
Improving Teacher Quality	98,828
Title VI-R	205,622
SchoolNet	63,211
Food Service	92,828
Uniform School Supply	2,402
Employee Benefits Self-Insurance	889,821

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Board of Education. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

The District Treasurer is attempting to have additional modifications to appropriations approved by the Board throughout the year.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2004-TMCSD-003
----------------	----------------

Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.

It was noted during the audit that at June 30, 2004, the District had a negative cash balance in the following funds:

<u>Nonmajor Funds:</u>	
Twilight Schools	\$ 15,345
Title VI-B	8,558
Title V	346
EHA Preschool Grant	716

The District has spent monies not available to that fund and thus causing noncompliance. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

The District Treasurer will utilize advances to cover negative cash fund balances throughout the year and at fiscal year end.

3. FINDINGS FOR FEDERAL AWARDS

None.

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

**STATUS OF PRIOR AUDIT FINDING
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

<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>
2003-001	Ohio Revised Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission.	No	The Treasurer is attempting to send to the county budget commission modifications in resources more frequently.
2003-002	Ohio Revised Code Section 5705.41 (B) outlines the requirements that no subdivision or taxing unit is to expend money unless it has been appropriated.	No	The Treasurer is attempting to have the District Board of Education more frequently approve modifications of appropriations.
2003-003	Ohio Revised Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund is established.	No	The Treasurer is attempting to advances monies from the general fund during the year and at year end to cover any negative fund balances on a temporary basis.
2003-004	Ohio Revised Code Section 5705.41(D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of the appropriate fund free from any previous encumbrances.	No	Citation is now located in the District Management Letter.

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

**STATUS OF PRIOR AUDIT FINDING
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

<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>
2003-005	The District middle school did not print out computerized terminal reports or cash register tapes to support the amounts for food service revenue that were collected each day during the fiscal year.	Yes	N/A
2003-006	The District maintained several instances of large unreconciled differences between its bank statement balances and the accounting records.	Yes	N/A
2003-007	The District recorded the receipt of U.S. Department of Education for the Carol M. White Physical Fitness Grant as miscellaneous receipts rather than correctly identifying them as federal revenue.	Yes	N/A

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2004



TROTWOOD MADISON CITY SCHOOL DISTRICT, 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, 2004**

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

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INTRODUCTORY SECTION

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TROTWOOD-MADISON
CITY SCHOOL DISTRICT

Our Mission Is 100% Student Success!

March 31, 2005

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, 2004, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of State 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.

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, 2003 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the independent accountants' 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 three building senior high school campus, a junior high school serving grades 7-8, and six elementary schools serving grades K-6. The District currently services approximately 4,000 students.

Constructed	School Address	October 2004 Enrollment
1966	Broadmoor Academy 701 East Main Street	334
1961	Madison Park Elementary 301 South Broadway	437
1968	Olivehill Elementary 1250 Olive Road	289
1968	Shiloview Elementary 5600 Elgin Roof Drive	433

Constructed	School/Address	October 2004 Enrollment
1957	Townview Elementary 5280 Gardendale Avenue	362
1976	Westbrook Elementary 6500 Westford Road	407
1975	Trotwood-Madison Middle School 3594 North Snyder Road	572
1959	Trotwood-Madison High School 221 East Trotwood Blvd.	926

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, 2004, 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, 2005	Bank Manager
Teena R. Davis	January, 1998	December, 2005	Child Care Facilitator
Joe N. Whitt	January, 1998	December, 2005	Minister

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 is currently doing graduate work at the University of Phoenix online.

EMPLOYEE RELATIONS

The District currently has approximately 508 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 August 31, 2005.

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 1,924 students each day. The District fleet of 29 buses travels over 1,566 miles each day transporting to 23 different sites. The department transported both public and non-public students on 678 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 five 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 107 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 55 students participated in the gifted program. The District presented 175 high school diplomas in 2004.

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 2003-2004 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 2003-2004

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 2004 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 \$655,825 for the year ended June 30, 2004.

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, 2003. 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

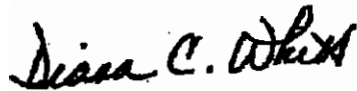
The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted 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, 2003. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2004, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2004 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.

Sincerely,

A handwritten signature in black ink that reads "Diana C. Whitt". The signature is written in a cursive style with a large initial "D".

Diana C. Whitt
Treasurer

TROTWOOD-MADISON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2004

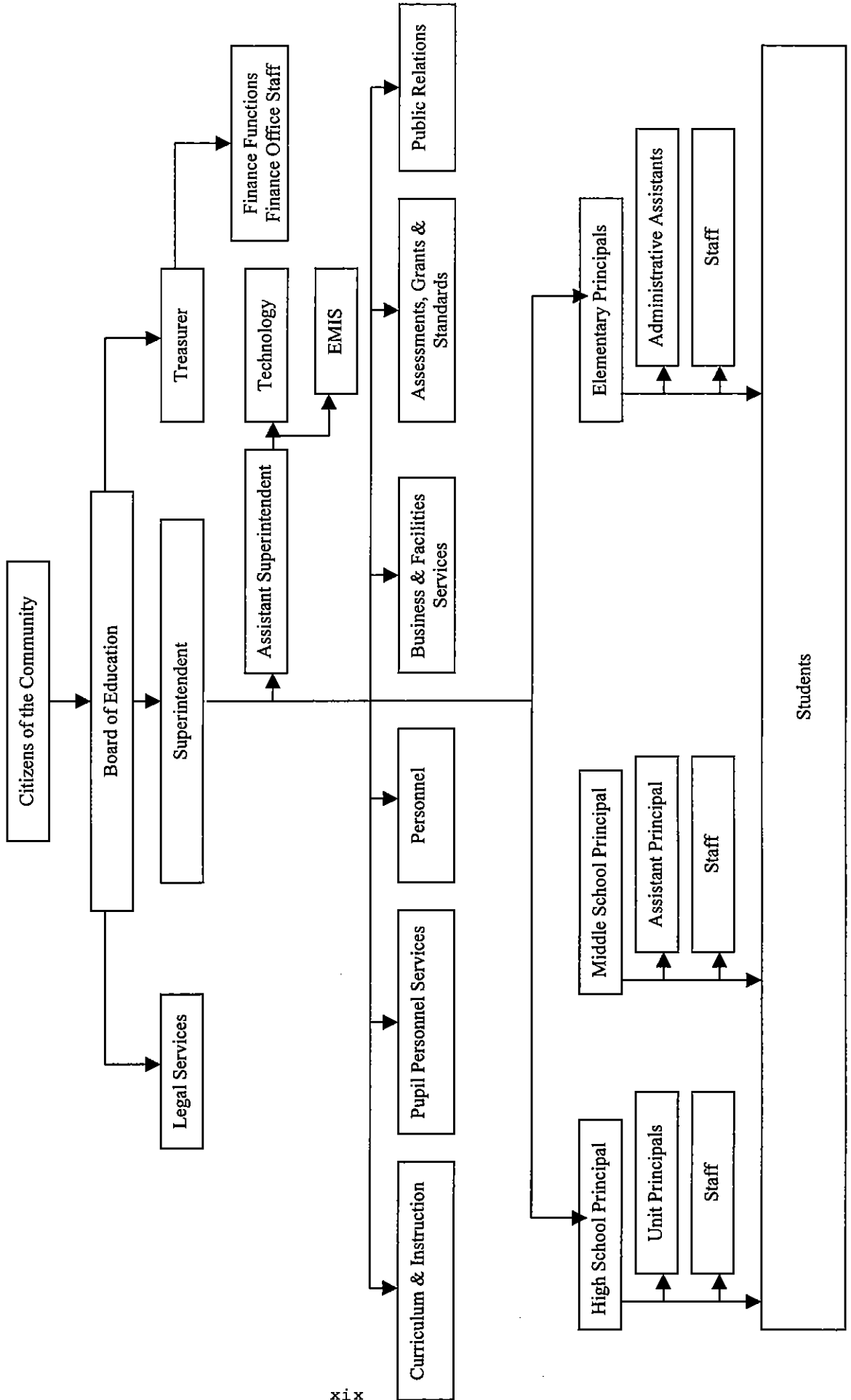
BOARD OF EDUCATION

President..... Mrs. Teena Davis
Vice President..... Mrs. Deborah Daniel
Board Member..... Mrs. Vanessa Jeter-Freeman
Board Member..... Mr. Craig Ross, Sr.
Board Member..... Rev. Joe Whitt

ADMINISTRATIVE OFFICIALS

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

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, 2003

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

William R. Hall
President

Emmie W. Keller
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, 2003

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



Nancy L. Zjelke

President

Jeffrey R. Emery

Executive Director

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FINANCIAL SECTION

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Board of Education
Trotwood-Madison City School District
444 South Broadway
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, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2004, and the respective changes in financial position and cash flows of its proprietary fund type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 20 to the financial statements, the District had prior period adjustments to reclassify funds, restate cash with fiscal agent related to a capital lease, capital appreciation bonds, major funds and capital.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 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 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
February 4, 2005

TROTWOOD-MADISON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2004
(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, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets increased \$4,361,286. Net assets of governmental activities increased \$4,361,286 which represents a 39.1% increase from 2003.
- General revenues accounted for \$33,695,372 in revenue or 80.1% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,356,487 or 19.9% of total revenues of \$42,051,859.
- Total assets of governmental activities increased by \$3,866,221 as taxes receivable increased by \$1,041,269 while cash and other receivables decreased by \$9,237,750.
- The District had \$37,690,573 in expenses related to governmental activities; \$8,356,487 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$33,695,372 were adequate to provide for these programs.
- As a major fund, the General Fund had \$29,660,136 in revenues and \$27,979,817 in expenditures. The General Fund's fund balance increased from \$3,537,019 to \$5,192,932. As a major fund, the Debt Service Fund had \$2,383,998 in revenues and \$2,270,170 in expenditures. The Debt Service Fund's fund balance increased from \$581,451 to \$695,279. As a major fund, the Permanent Improvement Fund had \$742,442 in revenues and \$487,787 in expenditures. The Permanent Improvement Fund's fund balance increased from \$939,055 to \$1,003,710. As a major fund, the Permanent Improvement Renewal Fund had \$592,940 in revenues and \$12,350,574 in expenditures. The Permanent Improvement Renewal Fund's fund balance decreased from \$42,424,639 to \$30,857,005.

Using this Comprehensive Annual Financial Report (CAFR)

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

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, Permanent Improvement, Permanent Improvement Renewal and Debt Service funds are the major funds of the District.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* 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 Statement of Net Assets and the Statement of Activities, 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 and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

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 2003 compared to 2004:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2003 Restated</u>	<u>2004</u>
Assets		
Current and Other Assets	\$65,225,947	\$57,063,169
Capital Assets	<u>7,560,060</u>	<u>19,589,059</u>
Total Assets	<u>72,786,007</u>	<u>76,652,228</u>
Liabilities		
Long-Term Liabilities	46,753,190	46,391,024
Other Liabilities	<u>15,243,146</u>	<u>15,110,247</u>
Total Liabilities	<u>61,996,336</u>	<u>61,501,271</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	6,453,898	4,698,472
Restricted	3,213,449	5,254,994
Unrestricted	<u>1,122,324</u>	<u>5,197,491</u>
Total Net Assets	<u>\$10,789,671</u>	<u>\$15,150,957</u>

Total assets increased \$3,866,221. Equity in pooled cash and investments decreased \$8,255,797. Taxes receivable increased \$1,041,269. Total liabilities decreased \$495,065, resulting in a net asset increase of \$4,361,286.

Table 2 shows the change in net assets for fiscal year 2003 compared to fiscal year 2004.

Table 2
Changes in Net Assets

	Governmental Activities <u>2003 Restated</u>	Governmental Activities <u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,018,091	\$1,092,916
Operating Grants	6,496,225	7,237,406
Capital Grants	0	26,165
General Revenue:		
Property Taxes	13,037,450	13,450,170
Grants and Entitlements	16,418,135	18,862,095
Other	<u>1,436,787</u>	<u>1,383,107</u>
Total Revenues	<u>38,406,688</u>	<u>42,051,859</u>
Program Expenses:		
Instruction	19,239,136	21,250,122
Support Services:		
Pupil and Instructional Staff	3,306,335	3,348,500
School and General Administrative, Fiscal and Business	3,466,105	3,723,154
Operations and Maintenance	2,314,280	2,488,552
Pupil Transportation	1,300,394	1,599,259
Central	762,348	888,264
Operation of Non-Instructional Services	1,602,411	1,899,807
Extracurricular Activities	495,499	664,663
Interest and Fiscal Charges	<u>1,250,844</u>	<u>1,828,252</u>
Total Expenses	<u>33,737,352</u>	<u>37,690,573</u>
Increase in Net Assets	<u>4,669,336</u>	<u>4,361,286</u>
Ending Net Assets	<u>\$10,789,671</u>	<u>\$15,150,957</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general, debt service and capital projects purposes and grants and entitlements comprised 76.8% 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 32% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 56.4% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses including interest expense were 11.7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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	
	<u>2003 Restated</u>	<u>2004</u>	<u>2003 Restated</u>	<u>2004</u>
Instruction	\$19,239,136	\$21,250,122	(\$14,840,437)	(\$17,400,411)
Support Services:				
Pupil and Instructional Staff	3,306,335	3,348,500	(2,477,602)	(2,297,937)
School and General Administrative,				
Fiscal and Business	3,466,105	3,723,154	(3,322,956)	(3,511,517)
Operations and Maintenance	2,314,280	2,488,552	(2,303,256)	(2,485,083)
Pupil Transportation	1,300,394	1,599,259	(1,227,940)	(1,574,962)
Central	762,348	888,264	(748,928)	(855,528)
Operation of Non-Instructional Services	1,602,411	1,899,807	(51,484)	525,498
Extracurricular Activities	495,499	664,663	411	94,106
Interest and Fiscal Charges	<u>1,250,844</u>	<u>1,828,252</u>	<u>(1,250,844)</u>	<u>(1,828,252)</u>
Total Expenses	<u>\$33,737,352</u>	<u>\$37,690,573</u>	<u>(\$26,223,036)</u>	<u>(\$29,334,086)</u>

The District's Funds

As a major fund, the General Fund has \$29,660,136 in revenues and \$27,979,817 in expenditures. The General Fund's fund balance increased from \$3,537,019 to \$5,192,932. The Debt Service Fund had \$2,383,998 in revenues and \$2,270,170 in expenditures. The Debt Service's fund balance increased from \$581,451 to \$695,279. Additional information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents).

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 was \$31,065,516. The original budget estimate was \$26,899,748. The difference was \$4,165,768. Of this difference, most was due to under estimating grant and tax revenue.

The District's ending unobligated cash balance was \$4,185,851 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$19,589,059 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

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

	<u>Governmental Activities</u>	
	<u>2003 Restated</u>	<u>2004</u>
Land and Improvements	\$1,156,779	\$1,156,779
Buildings and Improvements	1,659,715	1,465,178
Equipment	2,615,836	2,613,390
Construction in Progress	<u>2,127,730</u>	<u>14,353,712</u>
Total Net Assets	<u>\$7,560,060</u>	<u>\$19,589,059</u>

The increase in capital assets is mainly due to \$12,225,982 in construction in progress for the new high school building. The District continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2004, the District had \$35,017,827 in bonds outstanding, \$906,500 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities 2003</u>	<u>Governmental Activities 2004</u>
1996 Energy Conservation Notes Payable	\$143,375	\$96,875
1999 Energy Conservation Notes Payable	400,000	340,000
1999 School Bus Notes Payable	185,000	100,000
School Improvement Bond	<u>35,000,000</u>	<u>34,480,952</u>
Total Long-Term Notes and Bonds	<u>\$35,728,375</u>	<u>\$35,017,827</u>

Detailed information relating to capital assets and debt is presented in the notes to the financial statements.

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 2005. 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.

Trotwood-Madison City School District
Statement of Net Assets
June 30, 2004

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$30,481,018
Restricted Cash and Investments	81,076
Cash and Cash Equivalents with Fiscal Agent	10,045,054
Receivables:	
Taxes	15,283,036
Accounts	235,671
Intergovernmental	927,536
Inventory	9,778
Nondepreciable Capital Assets	15,510,491
Depreciable Capital Assets, Net	<u>4,078,568</u>
Total Assets	<u>76,652,228</u>
Liabilities:	
Accounts Payable	74,963
Accrued Wages and Benefits	2,666,238
Accrued Interest Payable	146,316
Contracts Payable	1,560,194
Deferred Revenue	10,095,679
Claims Payable	166,857
General Obligation Notes Payable	400,000
Long-Term Liabilities:	
Due Within One Year	1,436,841
Due In More Than One Year	<u>44,954,183</u>
Total Liabilities	<u>61,501,271</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	4,698,472
Restricted for:	
Special Revenue	592,403
Debt Service	1,561,990
Capital Projects	3,019,525
Set-Aside	81,076
Unrestricted	<u>5,197,491</u>
Total Net Assets	<u>\$15,150,957</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$12,329,716	\$419,878	\$2,867,918	\$0	(\$9,041,920)
Special	8,742,007	19,502	163,080	0	(8,559,425)
Vocational	69,519	0	0	0	(69,519)
Other	108,880	0	379,333	0	270,453
Support Services:					
Pupil	1,474,997	649	377,467	0	(1,096,881)
Instructional Staff	1,873,503	93	672,354	0	(1,201,056)
General Administration	47,559	0	0	0	(47,559)
School Administration	2,567,107	15,389	196,248	0	(2,355,470)
Fiscal	881,470	0	0	0	(881,470)
Business	227,018	0	0	0	(227,018)
Operations and Maintenance	2,488,552	1,601	0	1,868	(2,485,083)
Pupil Transportation	1,599,259	0	0	24,297	(1,574,962)
Central	888,264	0	32,736	0	(855,528)
Operation of Non-Instructional Services	1,899,807	497,182	1,928,123	0	525,498
Extracurricular Activities	664,663	138,622	620,147	0	94,106
Interest and Fiscal Charges	1,828,252	0	0	0	(1,828,252)
Totals	\$37,690,573	\$1,092,916	\$7,237,406	\$26,165	(\$29,334,086)

General Revenues:

Property Taxes Levied for:

General Purposes	10,404,898
Debt Service Purposes	2,321,932
Capital Projects Purposes	723,340
Grants and Entitlements not Restricted to Specific Programs	18,862,095
Payment in Lieu of Taxes	25,504
Unrestricted Contributions	50
Investment Earnings	655,825
Other Revenues	701,728

Total General Revenues and Transfers 33,695,372

Change in Net Assets 4,361,286

Net Assets Beginning of Year, Restated 10,789,671

Net Assets End of Year \$15,150,957

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Permanent Improvement	Permanent Improvement Renewal	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$5,615,257	\$568,931	\$966,985	\$22,772,145	\$553,356	\$30,476,674
Restricted Cash and Investments	81,076	0	0	0	0	81,076
Cash and Cash Equivalents with Fiscal Agent	0	0	0	10,045,054	0	10,045,054
Receivables:						
Taxes	11,803,886	2,651,724	827,426	0	0	15,283,036
Accounts	235,671	0	0	0	0	235,671
Intergovernmental	0	0	0	0	927,536	927,536
Interfund	904,407	0	0	0	8,619	913,026
Inventory	0	0	0	0	9,778	9,778
Total Assets	18,640,297	3,220,655	1,794,411	32,817,199	1,499,289	57,971,851
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	44,154	0	0	0	30,809	74,963
Accrued Wages and Benefits	2,003,494	0	0	0	418,696	2,422,190
Compensated Absences	125,584	0	0	0	1,844	127,428
Contracts Payable	0	0	0	1,560,194	0	1,560,194
Interfund Payable	0	0	0	0	913,026	913,026
Deferred Revenue	11,274,133	2,525,376	790,701	0	458,755	15,048,965
General Obligation Notes Payable	0	0	0	400,000	0	400,000
Total Liabilities	13,447,365	2,525,376	790,701	1,960,194	1,823,130	20,546,766
Fund Balances:						
Reserved for Encumbrances	102,688	0	22,944	0	138,875	264,507
Reserved for Inventory	0	0	0	0	9,778	9,778
Reserved for Property Tax Advances	529,753	126,348	36,725	0	0	692,826
Reserved for Set-Aside	81,076	0	0	0	0	81,076
Unreserved, Undesignated, Reported in:						
General Fund	4,479,415	0	0	0	0	4,479,415
Special Revenue Funds	0	0	0	0	(476,493)	(476,493)
Debt Service Funds	0	568,931	0	0	0	568,931
Capital Projects Funds	0	0	944,041	30,857,005	3,999	31,805,045
Total Fund Balances	5,192,932	695,279	1,003,710	30,857,005	(323,841)	37,425,085
Total Liabilities and Fund Balances	\$18,640,297	\$3,220,655	\$1,794,411	\$32,817,199	\$1,499,289	\$57,971,851

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2004

Total Governmental Fund Balance		\$37,425,085
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.		19,589,059
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	3,231,968	
Intergovernmental	<u>1,721,318</u>	
		4,953,286
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.		(162,513)
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.		(146,316)
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.		
Pension Obligation	(244,048)	
Compensated Absences	<u>(1,116,769)</u>	
		(1,360,817)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(45,146,827)</u>
Net Assets of Governmental Activities		<u>\$15,150,957</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Permanent Improvement	Permanent Improvement Renewal	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$9,506,444	\$2,107,077	\$658,766	\$0	\$0	\$12,272,287
Tuition and Fees	438,388	0	0	0	0	438,388
Investment Earnings	77,563	1,407	0	575,672	1,183	655,825
Intergovernmental	18,959,271	275,514	83,676	0	6,982,636	26,301,097
Extracurricular Activities	0	0	0	0	128,222	128,222
Charges for Services	0	0	0	0	524,705	524,705
Other Revenues	678,470	0	0	17,268	8,916	704,654
Total Revenues	29,660,136	2,383,998	742,442	592,940	7,645,662	41,025,178
Expenditures:						
Current:						
Instruction:						
Regular	9,921,338	0	0	0	1,748,050	11,669,388
Special	7,009,959	0	0	0	1,666,693	8,676,652
Vocational	68,498	0	0	0	0	68,498
Other	51,180	0	0	0	46,807	97,987
Support Services:						
Pupil	979,517	0	0	0	455,234	1,434,751
Instructional Staff	1,392,882	0	0	0	428,509	1,821,391
General Administration	45,032	0	0	0	0	45,032
School Administration	2,004,654	0	0	1,643	464,782	2,471,079
Fiscal	819,551	29,642	13,295	2,166	0	864,654
Business	224,818	0	0	0	0	224,818
Operations and Maintenance	2,394,250	0	0	0	0	2,394,250
Pupil Transportation	1,532,190	0	0	0	0	1,532,190
Central	845,729	0	191,556	0	161,548	1,198,833
Operation of Non-Instructional Services	0	0	0	0	1,797,240	1,797,240
Extracurricular Activities	550,886	0	0	0	67,936	618,822
Capital Outlay	0	0	0	12,225,982	0	12,225,982
Debt Service:						
Principal Retirement	106,500	620,000	224,450	0	0	950,950
Interest and Fiscal Charges	32,833	1,620,528	58,486	120,783	0	1,832,630
Total Expenditures	27,979,817	2,270,170	487,787	12,350,574	6,836,799	49,925,147
Excess of Revenues Over (Under) Expenditures	1,680,319	113,828	254,655	(11,757,634)	808,863	(8,899,969)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	594	0	0	0	0	594
Transfers In	0	0	0	190,000	25,000	215,000
Transfers (Out)	(25,000)	0	(190,000)	0	0	(215,000)
Total Other Financing Sources (Uses)	(24,406)	0	(190,000)	190,000	25,000	594
Net Change in Fund Balance	1,655,913	113,828	64,655	(11,567,634)	833,863	(8,899,375)
Fund Balance (Deficit) Beginning of Year	3,537,019	581,451	939,055	42,424,639	(1,157,704)	46,324,460
Fund Balance (Deficit) End of Year	\$5,192,932	\$695,279	\$1,003,710	\$30,857,005	(\$323,841)	\$37,425,085

See accompanying notes to the basic financial statements.

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, 2004

Net Change in Fund Balance - Total Governmental Funds (\$8,899,375)

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	12,738,487	
Depreciation Expense	<u>(709,488)</u>	12,028,999

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

Delinquent Property Taxes	1,177,883	
Intergovernmental	<u>(151,796)</u>	1,026,087

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 950,950

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 4,378

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.

Pension Obligation	(70,609)	
Compensated Absences	<u>(709,863)</u>	(780,472)

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. 30,719

Change in Net Assets of Governmental Activities	<u><u>\$4,361,286</u></u>
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See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Net Assets
Proprietary Funds
June 30, 2004

	<u>Governmental Activities- Internal Service Fund</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$4,344</u>
Total Assets	<u>4,344</u>
Liabilities:	
Current Liabilities:	
Claims Payable	<u>166,857</u>
Total Liabilities	<u>166,857</u>
Unrestricted	<u>(162,513)</u>
Total Net Assets	<u><u>(\$162,513)</u></u>

See accompanying notes to the basic financial statemen

Trotwood-Madison City School District
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Governmental Activities- Internal Service Fund
Operating Revenues:	
Other Revenues	\$2,895,011
Total Operating Revenues	2,895,011
Operating Expenses:	
Contactual Services	13,823
Other Expenses	2,851,784
Total Operating Expenses	2,865,607
Operating Income (Loss)	29,404
Non-Operating Revenues (Expenses):	
Investment Earnings	1,315
Total Non-Operating Revenues (Expenses)	1,315
Change in Net Assets	30,719
Net Assets Beginning of Year	(193,232)
Net Assets End of Year	(\$162,513)

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$2,895,011
Cash Payments to Suppliers	(13,823)
Cash Payments for Claims	<u>(3,075,998)</u>
Net Cash Provided (Used) by Operating Activities	<u>(194,810)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>1,315</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>1,315</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(193,495)
Cash and Cash Equivalents Beginning of Year	<u>197,839</u>
Cash and Cash Equivalents End of Year	<u><u>4,344</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	29,404
Changes in Assets & Liabilities:	
Increase (Decrease) in Accrued Liabilities	<u>(224,214)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$194,810)</u></u>

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Trotwood-Madison City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$75,994	\$18,039
Total Assets	<u>75,994</u>	<u>\$18,039</u>
Liabilities:		
Accounts Payable	0	1,715
Other Liabilities	<u>0</u>	<u>16,324</u>
Total Liabilities	<u>0</u>	<u>\$18,039</u>
Net Assets:		
Held in Trust	<u>75,994</u>	
Total Net Assets	<u>\$75,994</u>	

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2004

	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$1,074
Other	<u>208</u>
Total Additions	<u>1,282</u>
Deductions:	
Other	<u>6,000</u>
Total Deductions	<u>6,000</u>
Change in Net Assets	(4,718)
Net Assets Beginning of Year	<u>80,712</u>
Net Assets End of Year	<u>\$75,994</u>

See accompanying notes to the basic financial statements.

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TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2004

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 generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

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 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.

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

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.

Permanent Improvement – The permanent improvement fund is used to account for the receipts and expenditures related to the building of new District schools.

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.

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.

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, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The 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. Unused donated commodities are reported as deferred 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.

CASH AND CASH EQUIVALENTS

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 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004. 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 2004 amounted to \$77,563, which includes \$14,131 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 fixed 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
Machinery and Equipment	5-20 years
Vehicles	5-10 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 termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District’s past experience of making termination payments.

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.

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.

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 and after nonoperating revenue/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 budgetary set-asides. 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 2004.

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents 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. CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined 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) Repurchase agreements in the securities enumerated above.
- (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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash with Fiscal Agents – The District has funds on deposit in connection with its capital lease. The money held by the fiscal agent is money set aside for the District to use to help finance its new school building. The amount held by the fiscal agent at June 30, 2004, was \$10,045,054.

Deposits – At the year end, the carrying amount of the District's deposits was \$13,374,432. The bank balance of deposits was \$3,841,543 of which \$368,534 was covered by federal depository insurance. The remaining balance was covered by 105% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

- Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Federal Agency Security	\$0	\$0	\$21,597,936	\$21,597,936
Money Market*	0	0	0	2,341,724
State Treasury Pool*	0	0	0	3,387,089
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$21,597,936</u>	<u>\$27,326,749</u>

*The District's investment in the Ohio State Treasury Pool and in money market accounts is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

5. PROPERTY TAXES

Real property taxes collected in 2004 were levied in April on the assessed values as of January 1, 2003, 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 2004, 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 2004, 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, 2004. 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, 2004 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, 2004, was \$529,753 for General Fund, \$126,348 for Debt Service and \$36,725 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 2004 operations. The amount available for advance at June 30, 2003 was \$757,372 for General Fund, \$179,641 for Debt Service and \$52,423 for Capital Projects, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2003 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 2004 taxes were collected are:

	<u>2004 Second Half Collections</u>	<u>2004 First Half Collections</u>
Agricultural/Residential and Other Real Estate	\$182,251,830	\$182,251,830
Public Utility Personal	10,646,480	10,646,480
Tangible Personal Property	20,422,178	20,422,178
Commercial/Industrial	<u>68,946,550</u>	<u>68,946,550</u>
Total	<u>\$282,267,038</u>	<u>\$282,267,038</u>
Tax Rate (Full) per \$1,000 of assessed valuation	\$60.85	\$60.85
Residential/Agricultural	80.29	80.28
Commercial/Industrial	87.28	87.28

6. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees) 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, 2004, was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$1,156,779	\$0	\$0	\$1,156,779
Construction in Progress	2,127,730	12,225,982	0	14,353,712
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	13,151,275	0	0	13,151,275
Equipment	<u>8,287,879</u>	<u>512,505</u>	<u>445,749</u>	<u>8,354,635</u>
Totals at Historical Cost	<u>\$24,723,663</u>	<u>\$12,738,487</u>	<u>\$445,749</u>	<u>\$37,016,401</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$11,491,560	\$194,537	\$0	\$11,686,097
Equipment	<u>5,672,043</u>	<u>514,951</u>	<u>445,749</u>	<u>5,741,245</u>
Total Accumulated Depreciation	<u>\$17,163,603</u>	<u>\$709,488</u>	<u>\$445,749</u>	<u>\$17,427,342</u>
Governmental Activities Capital Assets, Net	<u>\$7,560,060</u>			<u>\$19,589,059</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$449,800
Special	23,894
Other	10,893
Support Services:	
Instructional Staff	5,401
General Administration	2,527
School Administration	9,850
Fiscal	728
Business	2,072
Operations and Maintenance	4,526
Pupil Transportation	42,618
Central	124,032
Extracurricular Activities	27,514
Operation of Non-instructional Services	<u>5,633</u>
Total Depreciation Expense	<u>\$709,488</u>

8. CAPITALIZED LEASES

The capital lease recorded in the Capital Improvement 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. During the fiscal year ended June 30, 2003, National City Bank deposited \$10,000,000 in the District's name with a fiscal agent for the construction of the building. 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 \$10,129,000.

At year end, the District had not submitted any invoices for reimbursement under the lease, and therefore, at June 30, 2004, no capital assets have been acquired.

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, 2004:

2005	\$194,097
2006	202,907
2007	210,702
2008	219,487
2009	229,263
2010-2014	1,301,575
2015-2019	1,607,212
2020-2024	1,991,007
2025-2029	2,470,498
2030-2032	<u>1,898,720</u>
Total	10,325,468
Less: amounts representing interest	<u>(196,468)</u>
Present Value of Future Minimum Lease Payments	<u>\$10,129,000</u>

9. NOTES PAYABLE

Tax anticipation notes payable activity for the District at fiscal year end was as follows:

	Interest Rate	Issue Date	Maturity Dates	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding
2001 Tax anticipation Notes Payable	4.60%	3/1/01	12/1/05	\$590,000	\$0	\$190,000	\$400,000

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

	Interest Rate	Issue Date	Maturity Dates	(Restated) Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
<u>Governmental Activities:</u>								
1996 Energy Conservation Notes Payable	5.63%	7/1/96	7/1/06	\$143,375	\$0	\$46,500	\$96,875	\$46,500
1999 Energy Conservation Notes Payable	5.20%	7/1/99	6/1/09	400,000	0	60,000	340,000	60,000
1999 School Bus Notes Payable	5.15%	6/1/99	4/15/05	185,000	0	85,000	100,000	100,000
Current Interest Bonds - School Improvement	4.97%	11/21/02	12/1/30	34,645,000	0	620,000	34,025,000	700,000
Capital Appreciation Bonds - School Improvement	4.97%	11/21/02	12/1/30	<u>355,000</u>	<u>100,952</u>	<u>0</u>	<u>455,952</u>	<u>0</u>
Total Notes Payable				35,728,375	100,952	811,500	35,017,827	906,500
Capital Leases				10,268,450	0	139,450	10,129,000	183,000
Compensated Absences				<u>655,413</u>	<u>861,154</u>	<u>272,370</u>	<u>1,244,197</u>	<u>347,341</u>
Total Governmental Activities Long-Term Liabilities				<u>\$46,652,238</u>	<u>\$962,106</u>	<u>\$1,223,320</u>	<u>\$46,391,024</u>	<u>\$1,436,841</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 be paid from the fund from which the person is paid.

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, 2004 was \$455,952. A total of \$100,952 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2004.

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, 2031.

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

Fiscal Year Ending June 30,	<u>Current Interest Bonds and Notes</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$906,500	\$1,637,243	\$2,543,743	\$0	\$0	\$0
2006	846,500	1,612,704	2,459,204	0	0	0
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
2010-2014	1,850,000	7,582,774	9,432,774	2,125,000	0	2,125,000
2015-2019	4,140,000	7,082,035	11,222,035	0	0	0
2020-2024	7,685,000	5,539,383	13,224,383	0	0	0
2025-2029	11,795,000	3,105,125	14,900,125	0	0	0
2030-2031	<u>6,080,000</u>	<u>307,750</u>	<u>6,387,750</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$34,561,875</u>	<u>\$31,614,553</u>	<u>\$66,176,428</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.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$741,396, \$718,956, and \$680,736 respectively; 50.0% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

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.

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, 2004, 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. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. 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, 2004, 2003, and 2002 were \$1,804,080, \$1,894,560, and \$1,991,948 respectively; 84.0% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$579,883 during the 2004 fiscal year. As of June 30, 2003, eligible benefit recipients totaled 108,294. For the fiscal year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000.

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

For 2003 fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$25,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2003, net health care costs paid by SERS were \$204,930,737.

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, 2004.

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 dental benefits through a self-insured program. During fiscal years 1999 and 1998, the District also provided medical benefits through the program. The District currently provides medical benefits through an insurance contract with Anthem Blue Cross Blue Shield. The District maintains an Employee Benefits Internal Service Fund to account for and finance its uninsured risks of loss in this program. The District utilizes a third party administrator, 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 \$166,857 reported in the fund at June 30, 2004, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 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 2002, 2003, and 2004 were as follows:

	Balance at July 1	Current Year Claims	Claim Payments	Balance at June 30
2001/2002	\$277,461	\$2,441,570	\$2,525,714	\$193,317
2002/2003	193,317	2,745,240	2,547,486	391,071
2003/2004	391,071	2,851,784	3,075,998	166,857

14. STATE SCHOOL FUNDING DECISION

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

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

15. 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.

16. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2004, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
High School and Various Improvements	<u>\$32,206,482</u>

17. COMPLIANCE AND ACCOUNTABILITY

- A. The following funds had appropriations (Board Approved) that exceeded the Official Certificate of Estimated Resources in noncompliance with Ohio Revised Code Section 5705.39:

<u>Nonmajor Fund</u>	
Title VIB/Preschool	\$295,882
Title I	717,437
Title V	20,697
Drug-Free Schools	6,657
EHA Preschool Grant	7,095
Title VI-R	19,820
SchoolNet Plus	4,998

The District Treasurer is attempting to prepare modifications to amended certificates throughout the year and certify them to the County Auditor.

- B. The following funds had expenditures that exceeded appropriations in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Major Fund</u>	
General Fund	\$224,696
Debt Service	2,110,170
Permanent Improvement	29,010

<u>Nonmajor Fund</u>	
Management Information	14,014
Disadvantaged Pupil Impact Aid	1,884,950
Data Communications	21,000
Drug-Free Schools	14,781
Title I	77,809
Title VI-R	98,828
Goals 2000	205,622
Uniform School Supply	2,402
SchoolNet	63,211
Food Service	92,828
Employee Benefits	889,821

The District Treasurer is attempting to have additional modifications to appropriations approved by the Board throughout the year.

- C. The following fund balance had a negative cash fund balance in noncompliance with Ohio Revised Code Section 5705.10:

<u>Nonmajor Fund</u>	
Twilight Schools	\$15,345
Title VIB	8,558
Title V	346
EHA Preschool Grant	716

The District Treasurer will utilize advances to cover negative cash fund balances throughout the year and at fiscal year end.

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

Summer School Subsidy	\$2,039
Twilight Schools	31,274
Title I	289,375
EHA Preschool	1,648
Title VI-R	22,204
Goals 2000	14,112
Auxiliary Services	3,146
DPIA	148,154
Food Service	9,707
Classroom Facilities ADA	18,085
Internal Service	162,513

The deficit in fund balance/net assets was primarily due to accrual in GAAP with the exception of Twilight Schools and EHA Preschool. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

18. 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>	<u>Capital Acquisition</u>	<u>Budget Stabilization Reserve</u>
Set-aside Reserve Balance as of June 30, 2003	(\$657,511)	\$0	\$81,076
Current Year Set-aside Requirement	495,794	495,794	0
Qualified Disbursements	(613,026)	(49,284)	0
Current Year Offsets	<u>0</u>	<u>(446,510)</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$81,076</u>
Restricted Cash as of June 30, 2004			<u>\$81,076</u>
Carry Forward to FY 2005	<u>(\$774,743)</u>		

The District had qualifying disbursements for textbooks of \$613,026 that exceeded the required set-aside, resulting in a carry forward balance of \$774,743 that can be used against future year textbook set-asides. 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.

19. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2004, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$904,407	\$0	\$0	\$25,000
Capital Improvement	0	0	0	190,000
Capital Improvement Renewal	0	0	190,000	0
Nonmajor Funds:				
Extracurricular Activity	0	0	25,000	0
SchoolNet Plus	8,619	0	0	0
Other Grants	0	421	0	0
Summer School Subsidy	0	40,282	0	0
Twilight Schools	0	31,274	0	0
Goals 2000	0	59,537	0	0
Title VI-B/Preschool	0	66,809	0	0
Title I	0	297,952	0	0
Title V	0	9,581	0	0
EHA Preschool Grant	0	717	0	0
Title VI-R	0	204,536	0	0
Food Service	0	156,000	0	0
Classroom Facilities ADA	0	45,917	0	0
Total Nonmajor funds	<u>8,619</u>	<u>913,026</u>	<u>25,000</u>	<u>0</u>
Total all funds	<u>\$913,026</u>	<u>\$913,026</u>	<u>\$215,000</u>	<u>\$215,000</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.

20. PRIOR PERIOD ADJUSTMENT

The beginning net asset/fund balances of special revenue, capital projects, enterprise and governmental activities have been adjusted for correction to the capital assets detail, cash with fiscal agents and the reclassification of enterprise funds as follows:

	<u>Permanent Improvement Renewal</u>	<u>Nonmajor</u>	<u>Enterprise</u>	<u>Governmental Activities</u>
June 30, 2003 Fund Balance				
Net Assets, as previously stated	\$32,433,024	(\$249,989)	\$99,629	\$11,041,483
Fund Reclassification	0	31,340	(99,629)	99,629
Capital Lease	9,991,615	0	0	(165,385)
Capital Appreciation Bonds	0	0	0	(100,952)
Major Fund Reclassification –				
Permanent Improvement	0	(939,055)	0	0
Net Governmental Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>(85,104)</u>
June 30, 2003 Fund balance/ Net Assets, as restated	<u>\$42,424,639</u>	<u>(\$1,157,704)</u>	<u>\$0</u>	<u>\$10,789,671</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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,081,406	\$10,440,172	\$12,091,715	\$1,651,543
Tuition and Fees	365,504	378,511	438,388	59,877
Investment Earnings	64,668	66,969	77,563	10,594
Intergovernmental	15,807,197	16,369,725	18,959,271	2,589,546
Other Revenues	581,838	602,544	697,861	95,317
Total Revenues	26,900,613	27,857,921	32,264,798	4,406,877
Expenditures:				
Current:				
Instruction:				
Regular	11,150,518	11,150,518	11,234,223	(83,705)
Special	6,916,188	6,916,188	6,968,107	(51,919)
Vocational	57,929	57,929	58,364	(435)
Other	54,259	54,259	54,666	(407)
Support Services:				
Pupil	960,541	960,541	967,752	(7,211)
Instructional Staff	1,393,252	1,393,252	1,403,711	(10,459)
General Administration	44,696	44,696	45,032	(336)
School Administration	1,947,699	1,947,699	1,962,320	(14,621)
Fiscal	815,284	815,284	821,404	(6,120)
Business	225,464	225,464	227,157	(1,693)
Operations and Maintenance	2,470,978	2,470,978	2,489,527	(18,549)
Pupil Transportation	1,540,787	1,540,787	1,552,353	(11,566)
Central	869,022	869,022	875,546	(6,524)
Extracurricular Activities	527,590	527,590	531,551	(3,961)
Debt Service:				
Principal Retirement	106,500	106,500	106,500	0
Interest and Fiscal Charges	31,795	31,795	32,833	(1,038)
Total Expenditures	29,112,502	29,112,502	29,331,046	(218,544)
Excess of Revenues Over (Under) Expenditures	(2,211,889)	(1,254,581)	2,933,752	4,188,333
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	495	513	594	81
Advances In	21,909	22,689	26,278	3,589
Advances (Out)	(794,754)	(794,754)	(800,720)	(5,966)
Transfers (Out)	(24,814)	(24,814)	(25,000)	(186)
Total Other Financing Sources (Uses)	(797,164)	(796,366)	(798,848)	(2,482)
Net Change in Fund Balance	(3,009,053)	(2,050,947)	2,134,904	4,185,851
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,440,404	3,440,404	3,440,404	0
Fund Balance End of Year	\$431,351	\$1,389,457	\$5,575,308	\$4,185,851

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, 2004

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 plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. 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 2004.

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 generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The 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	\$1,655,913
Net Adjustment for Revenue Accruals	2,630,940
Net Adjustment for Expenditure Accruals	(2,005,122)
Encumbrances	<u>(146,827)</u>
Budget Basis	<u>\$2,134,904</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR GOVERNMENTAL 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.

EXTRACURRICULAR ACTIVITIES: 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.

CAREER DEVELOPMENT: To account for state funds provided for staff development programs.

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.

DISADVANTAGED PUPIL IMPACT AID: To account for state funds, which provide instructional programs and materials for disadvantaged students.

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

SCHOOLNET 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.

TWILIGHT SCHOOLS: To account for twilight schools grant funds.

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

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

E-RATE: To account for federal funds, which are used for the E-rate program.

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.

DEBT SERVICE FUND: The Debt Service Fund is used for the accumulation of resources for and 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.

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.

CLASSROOM FACILITIES ADA: To account for funds to be used for improving handicapped access to facilities.

SCHOOLNET SUBSIDY: To account for state funds received for the purchase of computer technology for all classrooms kindergarten through fourth grade.

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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$510,869	\$42,487	\$553,356
Receivables:			
Intergovernmental	920,036	7,500	927,536
Interfund	0	8,619	8,619
Inventory	9,778	0	9,778
Total Assets	1,440,683	58,606	1,499,289
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	30,809	0	30,809
Accrued Wages and Benefits	418,696	0	418,696
Compensated Absences	1,844	0	1,844
Interfund Payable	867,109	45,917	913,026
Deferred Revenue	451,255	7,500	458,755
Total Liabilities	1,769,713	53,417	1,823,130
Fund Balances:			
Reserved for Encumbrances	137,685	1,190	138,875
Reserved for Inventory	9,778	0	9,778
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	(476,493)	0	(476,493)
Capital Projects Funds	0	3,999	3,999
Total Fund Balances	(329,030)	5,189	(323,841)
Total Liabilities and Fund Balances	\$1,440,683	\$58,606	\$1,499,289

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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Investment Earnings	\$1,183	\$0	\$1,183
Intergovernmental	6,900,961	81,675	6,982,636
Extracurricular Activities	128,222	0	128,222
Charges for Services	524,705	0	524,705
Other Revenues	8,916	0	8,916
Total Revenues	7,563,987	81,675	7,645,662
Expenditures:			
Current:			
Instruction:			
Regular	1,748,050	0	1,748,050
Special	1,666,693	0	1,666,693
Support Services:			
Other	46,807	0	46,807
Pupil	455,234	0	455,234
Instructional Staff	428,509	0	428,509
School Administration	464,782	0	464,782
Central	93,239	68,309	161,548
Operation of Non-Instructional Services	1,797,240	0	1,797,240
Extracurricular Activities	67,936	0	67,936
Total Expenditures	6,768,490	68,309	6,836,799
Excess of Revenues Over (Under) Expenditures	795,497	13,366	808,863
Other Financing Sources (Uses):			
Transfers In	25,000	0	25,000
Total Other Financing Sources (Uses)	25,000	0	25,000
Net Change in Fund Balance	820,497	13,366	833,863
Fund Balance Beginning of Year	(1,149,527)	(8,177)	(1,157,704)
Fund Balance End of Year	(\$329,030)	\$5,189	(\$323,841)

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Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Public School	Other Grants	Extracurricular Activity	Auxiliary Services	Career Development
Assets:					
Equity in Pooled Cash and Investments	\$30,109	\$15,614	\$19,005	\$10,977	\$500
Receivables:					
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	30,109	15,614	19,005	10,977	500
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	14,123	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	421	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	0	421	0	14,123	0
Fund Balances:					
Reserved for Encumbrances	78	0	5,900	279	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	30,031	15,193	13,105	(3,425)	500
Total Fund Balances	30,109	15,193	19,005	(3,146)	500
Total Liabilities and Fund Balances	\$30,109	\$15,614	\$19,005	\$10,977	\$500

Management Information	Entry Year Programs	Disadvantaged Pupil Impact Aid	Data Communications	School Net Professional Development	Ohio Reads	Summer School Subsidy	Twilight Schools
\$1,556	\$461	\$33,726	\$0	\$1,320	\$22,482	\$46,243	\$0
0	0	0	0	4,140	23,000	36,681	7,576
0	0	0	0	0	0	0	0
<u>1,556</u>	<u>461</u>	<u>33,726</u>	<u>0</u>	<u>5,460</u>	<u>45,482</u>	<u>82,924</u>	<u>7,576</u>
0	0	0	0	0	0	8,000	0
0	0	180,200	0	0	0	0	0
0	0	1,680	0	0	0	0	0
0	0	0	0	0	0	40,282	31,274
0	0	0	0	0	23,000	36,681	7,576
<u>0</u>	<u>0</u>	<u>181,880</u>	<u>0</u>	<u>0</u>	<u>23,000</u>	<u>84,963</u>	<u>38,850</u>
0	0	0	0	0	317	7,328	0
0	0	0	0	0	0	0	0
<u>1,556</u>	<u>461</u>	<u>(148,154)</u>	<u>0</u>	<u>5,460</u>	<u>22,165</u>	<u>(9,367)</u>	<u>(31,274)</u>
<u>1,556</u>	<u>461</u>	<u>(148,154)</u>	<u>0</u>	<u>5,460</u>	<u>22,482</u>	<u>(2,039)</u>	<u>(31,274)</u>
<u>\$1,556</u>	<u>\$461</u>	<u>\$33,726</u>	<u>\$0</u>	<u>\$5,460</u>	<u>\$45,482</u>	<u>\$82,924</u>	<u>\$7,576</u>

Continued

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Reading Improvement Grant	Title VIB / Preschool	Title I	Title V	Drug-Free Schools
Assets:					
Equity in Pooled Cash and Investments	\$2,070	\$0	\$158,519	\$0	\$0
Receivables:					
Intergovernmental	0	149,966	325,450	20,236	10
Inventory	0	0	0	0	0
Total Assets	2,070	149,966	483,969	20,236	10
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	4,886	0	0
Accrued Wages and Benefits	0	32,563	145,028	0	0
Compensated Absences	0	0	28	0	0
Interfund Payable	0	66,809	297,952	9,581	0
Deferred Revenue	0	0	325,450	9,283	10
Total Liabilities	0	99,372	773,344	18,864	10
Fund Balances:					
Reserved for Encumbrances	0	8,679	57,232	10,380	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	2,070	41,915	(346,607)	(9,008)	0
Total Fund Balances	2,070	50,594	(289,375)	1,372	0
Total Liabilities and Fund Balances	\$2,070	\$149,966	\$483,969	\$20,236	\$10

EHA Pre-School Grant	E-Rate	Title VI-R	Goals 2000	Food Service	Uniform School Supply	Total Nonmajor Special Revenue Funds
\$0	\$0	\$55,373	\$22,999	\$46,088	\$43,827	\$510,869
0	0	200,594	45,205	107,178	0	920,036
0	0	0	0	9,778	0	9,778
0	0	255,967	68,204	163,044	43,827	1,440,683
0	0	1,308	0	16,615	0	30,809
931	0	45,851	0	0	0	418,696
0	0	0	0	136	0	1,844
717	0	204,536	59,537	156,000	0	867,109
0	0	26,476	22,779	0	0	451,255
1,648	0	278,171	82,316	172,751	0	1,769,713
0	0	9,342	11,098	27,052	0	137,685
0	0	0	0	9,778	0	9,778
(1,648)	0	(31,546)	(25,210)	(46,537)	43,827	(476,493)
(1,648)	0	(22,204)	(14,112)	(9,707)	43,827	(329,030)
\$0	\$0	\$255,967	\$68,204	\$163,044	\$43,827	\$1,440,683

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, 2004

	Public School	Other Grants	Extracurricular Activity	Auxiliary Services	Career Development
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$1,183	\$0
Intergovernmental	0	0	0	157,698	500
Extracurricular Activities	35,624	0	92,598	0	0
Charges for Services	0	0	0	0	0
Other Revenues	346	8,570	0	0	0
Total Revenues	35,970	8,570	92,598	158,881	500
Expenditures:					
Current:					
Instruction:					
Regular	0	4,229	0	0	0
Special	0	0	0	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	0	0	0	0	254
Instructional Staff	0	0	0	0	0
School Administration	0	3,369	98,338	9,113	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	189,041	0
Extracurricular Activities	37,279	3,796	26,861	0	0
Total Expenditures	37,279	11,394	125,199	198,154	254
Excess of Revenues Over (Under) Expenditures	(1,309)	(2,824)	(32,601)	(39,273)	246
Other Financing Sources (Uses):					
Transfers In	0	0	25,000	0	0
Total Other Financing Sources (Uses)	0	0	25,000	0	0
Net Change in Fund Balance	(1,309)	(2,824)	(7,601)	(39,273)	246
Fund Balance Beginning of Year	31,418	18,017	26,606	36,127	254
Fund Balance End of Year	\$30,109	\$15,193	\$19,005	(\$3,146)	\$500

Management Information	Entry Year Programs	Disadvantaged Pupil Impact Aid	Data Communications	School Net Professional Development	Ohio Reads	Summer School Subsidy	Twilight Schools
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12,666	13,200	1,918,676	21,000	8,280	17,225	13,853	4,231
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>12,666</u>	<u>13,200</u>	<u>1,918,676</u>	<u>21,000</u>	<u>8,280</u>	<u>17,225</u>	<u>13,853</u>	<u>4,231</u>
0	11,688	1,016,076	0	0	30,457	0	20,160
0	0	319,887	0	0	0	0	0
0	0	0	0	0	0	46,807	0
0	0	82,569	0	0	0	0	0
0	1,051	243,290	0	0	0	0	0
0	0	182,791	0	0	2,725	0	0
47,290	0	0	21,000	4,421	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>47,290</u>	<u>12,739</u>	<u>1,844,613</u>	<u>21,000</u>	<u>4,421</u>	<u>33,182</u>	<u>46,807</u>	<u>20,160</u>
<u>(34,624)</u>	<u>461</u>	<u>74,063</u>	<u>0</u>	<u>3,859</u>	<u>(15,957)</u>	<u>(32,954)</u>	<u>(15,929)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(34,624)</u>	<u>461</u>	<u>74,063</u>	<u>0</u>	<u>3,859</u>	<u>(15,957)</u>	<u>(32,954)</u>	<u>(15,929)</u>
<u>36,180</u>	<u>0</u>	<u>(222,217)</u>	<u>0</u>	<u>1,601</u>	<u>38,439</u>	<u>30,915</u>	<u>(15,345)</u>
<u>\$1,556</u>	<u>\$461</u>	<u>(\$148,154)</u>	<u>\$0</u>	<u>\$5,460</u>	<u>\$22,482</u>	<u>(\$2,039)</u>	<u>(\$31,274)</u>

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, 2004

	Reading Improvement Grant	Title VIB / Preschool	Title I	Title V	Drug-Free Schools
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	34,792	859,354	2,043,707	33,442	59,438
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	34,792	859,354	2,043,707	33,442	59,438
Expenditures:					
Current:					
Instruction:					
Regular	0	0	17,521	18,470	0
Special	34,355	0	1,306,047	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	283	333,008	0	0	32,438
Instructional Staff	0	0	182,473	1,695	0
School Administration	0	128,610	39,836	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	51,116	6,124	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	34,638	512,734	1,552,001	20,165	32,438
Excess of Revenues Over (Under) Expenditures	154	346,620	491,706	13,277	27,000
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	154	346,620	491,706	13,277	27,000
Fund Balance Beginning of Year	1,916	(296,026)	(781,081)	(11,905)	(27,000)
Fund Balance End of Year	\$2,070	\$50,594	(\$289,375)	\$1,372	\$0

EHA Pre-School Grant	E-Rate	Title VI-R	Goals 2000	Food Service	Uniform School Supply	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$1,183
12,816	0	465,699	195,350	1,029,034	0	6,900,961
0	0	0	0	0	0	128,222
0	0	0	0	470,075	54,630	524,705
0	0	0	0	0	0	8,916
<u>12,816</u>	<u>0</u>	<u>465,699</u>	<u>195,350</u>	<u>1,499,109</u>	<u>54,630</u>	<u>7,563,987</u>
0	0	433,754	195,695	0	0	1,748,050
0	0	0	6,404	0	0	1,666,693
0	0	0	0	0	0	46,807
6,682	0	0	0	0	0	455,234
0	0	0	0	0	0	428,509
0	0	0	0	0	0	464,782
0	20,528	0	0	0	0	93,239
0	0	0	0	1,508,557	42,402	1,797,240
0	0	0	0	0	0	67,936
<u>6,682</u>	<u>20,528</u>	<u>433,754</u>	<u>202,099</u>	<u>1,508,557</u>	<u>42,402</u>	<u>6,768,490</u>
<u>6,134</u>	<u>(20,528)</u>	<u>31,945</u>	<u>(6,749)</u>	<u>(9,448)</u>	<u>12,228</u>	<u>795,497</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
6,134	(20,528)	31,945	(6,749)	(9,448)	12,228	820,497
(7,782)	20,528	(54,149)	(7,363)	(259)	31,599	(1,149,527)
<u>(\$1,648)</u>	<u>\$0</u>	<u>(\$22,204)</u>	<u>(\$14,112)</u>	<u>(\$9,707)</u>	<u>\$43,827</u>	<u>(\$329,030)</u>

Trotwood-Madison City School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2004

	Classroom Facilities ADA	SchoolNet Plus	SchoolNet Subsidy	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$27,832	\$13,465	\$1,190	\$42,487
Receivables:				
Intergovernmental	0	0	7,500	7,500
Interfund	0	8,619	0	8,619
Total Assets	<u>27,832</u>	<u>22,084</u>	<u>8,690</u>	<u>58,606</u>
Liabilities and Fund Balances:				
Liabilities:				
Interfund Payable	45,917	0	0	45,917
Deferred Revenue	0	0	7,500	7,500
Total Liabilities	<u>45,917</u>	<u>0</u>	<u>7,500</u>	<u>53,417</u>
Fund Balances:				
Reserved for Encumbrances	0	0	1,190	1,190
Unreserved, Undesignated, Reported in: Capital Projects Funds	(18,085)	22,084	0	3,999
Total Fund Balances	<u>(18,085)</u>	<u>22,084</u>	<u>1,190</u>	<u>5,189</u>
Total Liabilities and Fund Balances	<u>\$27,832</u>	<u>\$22,084</u>	<u>\$8,690</u>	<u>\$58,606</u>

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, 2004

	Classroom Facilities ADA	SchoolNet Plus	SchoolNet Subsidy	Total Nonmajor Capital Projects Funds
Revenues:				
Intergovernmental	\$0	\$81,675	\$0	\$81,675
Total Revenues	0	81,675	0	81,675
Expenditures:				
Current:				
Support Services:				
Central	0	68,309	0	68,309
Total Expenditures	0	68,309	0	68,309
Net Change in Fund Balance	0	13,366	0	13,366
Fund Balance Beginning of Year	(18,085)	8,718	1,190	(8,177)
Fund Balance End of Year	(\$18,085)	\$22,084	\$1,190	\$5,189

Trotwood-Madison City School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2004

	Student Managed Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$17,505	\$0	(\$534)	\$18,039
Total Assets	<u>17,505</u>	<u>0</u>	<u>(534)</u>	<u>18,039</u>
Liabilities:				
Accounts Payable	0	1,715	0	1,715
Other Liabilities	17,505	0	1,181	16,324
Total Liabilities	<u>\$17,505</u>	<u>\$1,715</u>	<u>\$1,181</u>	<u>\$18,039</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, 2004

	Public School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$52,162	\$52,162	\$35,624	(\$16,538)
Other Revenues	1,063	1,063	726	(337)
Total Revenues	53,225	53,225	36,350	(16,875)
Expenditures:				
Current:				
Support Services:				
Extracurricular Activities	84,458	84,458	37,552	46,906
Total Expenditures	84,458	84,458	37,552	46,906
Excess of Revenues Over (Under) Expenditures	(31,233)	(31,233)	(1,202)	30,031
Net Change in Fund Balance	(31,233)	(31,233)	(1,202)	30,031
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	31,233	31,233	31,233	0
Fund Balance End of Year	\$0	\$0	\$30,031	\$30,031

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, 2004

	Original Budget	Final Budget	Other Grants Fund Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$13,346	\$13,346	\$8,570	(\$4,776)
Total Revenues	13,346	13,346	8,570	(4,776)
Expenditures:				
Current:				
Instruction:				
Regular	11,985	11,985	4,691	7,294
Support Services:				
School Administration	8,607	8,607	3,369	5,238
Extracurricular Activities	11,742	11,742	4,596	7,146
Total Expenditures	32,334	32,334	12,656	19,678
Excess of Revenues Over (Under) Expenditures	(18,988)	(18,988)	(4,086)	14,902
Other financing sources (uses):				
Advances (Out)	(1,990)	(1,990)	(1,278)	712
Total Other Financing Sources (Uses)	(1,990)	(1,990)	(1,278)	712
Net Change in Fund Balance	(20,978)	(20,978)	(5,364)	15,614
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	20,978	20,978	20,978	0
Fund Balance End of Year	\$0	\$0	\$15,614	\$15,614

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, 2004

	Extracurricular Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$101,738	\$101,738	\$92,598	(\$9,140)
Total Revenues	101,738	101,738	92,598	(9,140)
Expenditures:				
Current:				
Support Services:				
School Administration	105,022	105,022	104,656	366
Extracurricular Activities	27,088	27,088	26,993	95
Total Expenditures	132,110	132,110	131,649	461
Excess of Revenues Over (Under) Expenditures	(30,372)	(30,372)	(39,051)	(8,679)
Other financing sources (uses):				
Transfers In	27,468	27,468	25,000	(2,468)
Total Other Financing Sources (Uses)	27,468	27,468	25,000	(2,468)
Net Change in Fund Balance	(2,904)	(2,904)	(14,051)	(11,147)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,154	27,154	27,154	0
Fund Balance End of Year	\$24,250	\$24,250	\$13,103	(\$11,147)

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, 2004

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,340	\$1,340	\$1,183	(\$157)
Intergovernmental	178,660	178,660	157,698	(20,962)
Total Revenues	180,000	180,000	158,881	(21,119)
Expenditures:				
Current:				
Support Services:				
School Administration	8,615	8,615	9,113	(498)
Operation of Non-Instructional Services	210,926	210,926	181,301	29,625
Total Expenditures	219,541	219,541	190,414	29,127
Excess of Revenues Over (Under) Expenditures	(39,541)	(39,541)	(31,533)	8,008
Net Change in Fund Balance	(39,541)	(39,541)	(31,533)	8,008
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	42,228	42,228	42,228	0
Fund Balance End of Year	\$2,687	\$2,687	\$10,695	\$8,008

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, 2004

	Career Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$4,000	\$4,000	\$500	(\$3,500)
Total Revenues	4,000	4,000	500	(3,500)
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	(0)
Support Services:				
Pupil	4,000	4,000	520	3,480
Total Expenditures	4,000	4,000	520	3,480
Excess of Revenues Over (Under) Expenditures	0	0	(20)	(20)
Net Change in Fund Balance	0	0	(20)	(20)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	520	520	520	0
Fund Balance End of Year	\$520	\$520	\$500	(\$20)

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, 2004

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$28,000	\$28,000	\$12,666	(\$15,334)
Total Revenues	28,000	28,000	12,666	(15,334)
Expenditures:				
Current:				
Support Services:				
Central	40,297	40,297	54,311	(14,014)
Total Expenditures	40,297	40,297	54,311	(14,014)
Excess of Revenues Over (Under) Expenditures	(12,297)	(12,297)	(41,645)	(29,348)
Net Change in Fund Balance	(12,297)	(12,297)	(41,645)	(29,348)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	43,201	43,201	43,201	0
Fund Balance End of Year	\$30,904	\$30,904	\$1,556	(\$29,348)

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, 2004

	Entry Year			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$20,000	\$20,000	\$13,200	(\$6,800)
Total Revenues	20,000	20,000	13,200	(6,800)
Expenditures:				
Current:				
Instruction:				
Regular	18,350	18,350	11,688	6,662
Support Services:				
Instructional Staff	1,650	1,650	1,051	599
Total Expenditures	20,000	20,000	12,739	7,261
Excess of Revenues Over (Under) Expenditures	0	0	461	461
Net Change in Fund Balance	0	0	461	461
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$461	\$461

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, 2004

	Disadvantaged Pupil Impact Aid Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$1,918,676	\$1,918,676
Total Revenues	0	0	1,918,676	1,918,676
Expenditures:				
Current:				
Instruction:				
Regular	0	0	1,073,318	(1,073,318)
Special	0	0	319,887	(319,887)
Support Services:				
Pupil	0	0	82,569	(82,569)
Instructional Staff	0	0	241,610	(241,610)
School Administration	0	0	167,566	(167,566)
Total Expenditures	0	0	1,884,950	(1,884,950)
Excess of Revenues Over (Under) Expenditures	0	0	33,726	33,726
Net Change in Fund Balance	0	0	33,726	33,726
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$33,726	\$33,726

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, 2004

	Data Communications Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$21,000	\$21,000
Total Revenues	0	0	21,000	21,000
Expenditures:				
Current:				
Support Services:				
Central	0	0	21,000	(21,000)
Total Expenditures	0	0	21,000	(21,000)
Excess of Revenues Over (Under) 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, 2004

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$5,030	\$5,030	\$4,140	(\$890)
Total Revenues	5,030	5,030	4,140	(890)
Expenditures:				
Current:				
Support Services:				
Central	5,000	5,000	4,421	579
Total Expenditures	5,000	5,000	4,421	579
Excess of Revenues Over (Under) Expenditures	30	30	(281)	(311)
Net Change in Fund Balance	30	30	(281)	(311)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,602	1,602	1,602	0
Fund Balance End of Year	\$1,632	\$1,632	\$1,321	(\$311)

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, 2004

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$60,000	\$60,000	\$17,225	(\$42,775)
Total Revenues	60,000	60,000	17,225	(42,775)
Expenditures:				
Current:				
Instruction:				
Regular	63,807	63,807	36,072	27,735
Support Services:				
School Administration	4,820	4,820	2,725	2,095
Total Expenditures	68,627	68,627	38,797	29,830
Excess of Revenues Over (Under) Expenditures	(8,627)	(8,627)	(21,572)	(12,945)
Net Change in Fund Balance	(8,627)	(8,627)	(21,572)	(12,945)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	43,736	43,736	43,736	0
Fund Balance End of Year	\$35,109	\$35,109	\$22,164	(\$12,945)

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, 2004

	Summer School Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$40,000	\$40,000	\$13,853	(\$26,147)
Total Revenues	40,000	40,000	13,853	(26,147)
Expenditures:				
Current:				
Instruction:				
Other	40,000	40,000	54,136	(14,136)
Total Expenditures	40,000	40,000	54,136	(14,136)
Excess of Revenues Over (Under) Expenditures	0	0	(40,283)	(40,283)
Other financing sources (uses):				
Advances In	0	0	40,282	40,282
Total Other Financing Sources (Uses)	0	0	40,282	40,282
Net Change in Fund Balance	0	0	(1)	(1)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,915	30,915	30,915	0
Fund Balance End of Year	\$30,915	\$30,915	\$30,914	(\$1)

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, 2004

	Twilight Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$40,345	\$40,345	\$4,231	(\$36,114)
Total Revenues	40,345	40,345	4,231	(36,114)
Expenditures:				
Current:				
Instruction:				
Regular	119,121	119,121	20,160	98,961
Total Expenditures	119,121	119,121	20,160	98,961
Excess of Revenues Over (Under) Expenditures	(78,776)	(78,776)	(15,929)	62,847
Other financing sources (uses):				
Advances In	94,121	94,121	15,929	(78,192)
Total Other Financing Sources (Uses)	94,121	94,121	15,929	(78,192)
Net Change in Fund Balance	15,345	15,345	0	(15,345)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(15,345)	(15,345)	(15,345)	0
Fund Balance End of Year	\$0	\$0	(\$15,345)	(\$15,345)

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, 2004

	Reading Improvement Grant Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$34,792	\$34,792	\$34,792	\$0
Total Revenues	34,792	34,792	34,792	0
Expenditures:				
Current:				
Instruction:				
Special	34,924	34,924	34,355	569
Support Services:				
Pupil	288	288	283	5
Total Expenditures	35,212	35,212	34,638	574
Excess of Revenues Over (Under) Expenditures	(420)	(420)	154	574
Net Change in Fund Balance	(420)	(420)	154	574
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,917	1,917	1,917	0
Fund Balance End of Year	\$1,497	\$1,497	\$2,071	\$574

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, 2004

	Title VIB / Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$533,000	\$533,000	\$709,388	\$176,388
Total Revenues	533,000	533,000	709,388	176,388
Expenditures:				
Current:				
Support Services:				
Pupil	396,184	396,184	321,341	74,843
School Administration	156,009	156,009	126,537	29,472
Operation of Non-Instructional Services	60,916	60,916	49,408	11,508
Total Expenditures	613,109	613,109	497,286	115,823
Excess of Revenues Over (Under) Expenditures	(80,109)	(80,109)	212,102	292,211
Other financing sources (uses):				
Advances In	71,818	71,818	58,251	(13,567)
Total Other Financing Sources (Uses)	71,818	71,818	58,251	(13,567)
Net Change in Fund Balance	(8,291)	(8,291)	270,353	278,644
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(287,591)	(287,591)	(287,591)	0
Fund Balance End of Year	(\$295,882)	(\$295,882)	(\$17,238)	\$278,644

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, 2004

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,450,010	\$1,450,010	\$2,043,707	\$593,697
Total Revenues	1,450,010	1,450,010	2,043,707	593,697
Expenditures:				
Current:				
Instruction:				
Regular	21,104	21,104	18,058	3,046
Special	1,239,075	1,239,075	1,358,275	(119,200)
Support Services:				
Instructional Staff	208,978	208,978	178,820	30,158
School Administration	49,570	49,570	42,416	7,154
Operation of Non-Instructional Services	7,157	7,157	6,124	1,033
Total Expenditures	1,525,884	1,525,884	1,603,693	(77,809)
Excess of Revenues Over (Under) Expenditures	(75,874)	(75,874)	440,014	515,888
Other financing sources (uses):				
Advances In	0	0	297,951	297,951
Total Other Financing Sources (Uses)	0	0	297,951	297,951
Net Change in Fund Balance	(75,874)	(75,874)	737,965	813,839
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(641,563)	(641,563)	(641,563)	0
Fund Balance End of Year	(\$717,437)	(\$717,437)	\$96,402	\$813,839

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, 2004

	Title V Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$28,000	\$28,000	\$22,489	(\$5,511)
Total Revenues	28,000	28,000	22,489	(5,511)
Expenditures:				
Current:				
Instruction:				
Regular	31,904	31,904	18,470	13,434
Support Services:				
Instructional Staff	18,173	18,173	10,521	7,652
Operation of Non-Instructional Services	2,688	2,688	1,556	1,132
Total Expenditures	52,765	52,765	30,547	22,218
Excess of Revenues Over (Under) Expenditures	(24,765)	(24,765)	(8,058)	16,707
Other financing sources (uses):				
Advances In	16,002	16,002	9,264	(6,738)
Total Other Financing Sources (Uses)	16,002	16,002	9,264	(6,738)
Net Change in Fund Balance	(8,763)	(8,763)	1,206	9,969
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(11,934)	(11,934)	(11,934)	0
Fund Balance End of Year	(\$20,697)	(\$20,697)	(\$10,728)	\$9,969

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, 2004

	Drug-Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$38,000	\$38,000	\$59,438	\$21,438
Total Revenues	38,000	38,000	59,438	21,438
Expenditures:				
Current:				
Support Services:				
Pupil	30,000	30,000	44,781	(14,781)
Total Expenditures	30,000	30,000	44,781	(14,781)
Excess of Revenues Over (Under) Expenditures	8,000	8,000	14,657	6,657
Net Change in Fund Balance	8,000	8,000	14,657	6,657
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(14,657)	(14,657)	(14,657)	0
Fund Balance End of Year	(\$6,657)	(\$6,657)	\$0	\$6,657

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, 2004

	EHA Pre-School Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,787	\$7,787	\$12,816	\$5,029
Total Revenues	7,787	7,787	12,816	5,029
Expenditures:				
Current:				
Support Services:				
Pupil	7,100	7,100	5,750	1,350
Total Expenditures	7,100	7,100	5,750	1,350
Excess of Revenues Over (Under) Expenditures	687	687	7,066	6,379
Net Change in Fund Balance	687	687	7,066	6,379
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(7,782)	(7,782)	(7,782)	0
Fund Balance End of Year	(\$7,095)	(\$7,095)	(\$716)	\$6,379

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, 2004

	E-Rate Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$37,000	\$37,000	\$0	(\$37,000)
Total Revenues	37,000	37,000	0	(37,000)
Expenditures:				
Current:				
Support Services:				
Central	37,000	37,000	20,528	16,472
Total Expenditures	37,000	37,000	20,528	16,472
Excess of Revenues Over (Under) Expenditures	0	0	(20,528)	(20,528)
Net Change in Fund Balance	0	0	(20,528)	(20,528)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	20,528	20,528	20,528	0
Fund Balance End of Year	\$20,528	\$20,528	\$0	(\$20,528)

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, 2004

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$289,998	\$289,998	\$291,581	\$1,583
Total Revenues	289,998	289,998	291,581	1,583
Expenditures:				
Current:				
Instruction:				
Regular	300,201	300,201	399,029	(98,828)
Total Expenditures	300,201	300,201	399,029	(98,828)
Excess of Revenues Over (Under) Expenditures	(10,203)	(10,203)	(107,448)	(97,245)
Other financing sources (uses):				
Advances In	0	0	161,790	161,790
Total Other Financing Sources (Uses)	0	0	161,790	161,790
Net Change in Fund Balance	(10,203)	(10,203)	54,342	64,545
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(9,617)	(9,617)	(9,617)	0
Fund Balance End of Year	(\$19,820)	(\$19,820)	\$44,725	\$64,545

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, 2004

	Goals 2000 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$212,015	\$212,015	\$172,924	(\$39,091)
Total Revenues	212,015	212,015	172,924	(39,091)
Expenditures:				
Current:				
Instruction:				
Regular	7,310	7,310	206,793	(199,483)
Special	321	321	6,460	(6,139)
Total Expenditures	7,631	7,631	213,253	(205,622)
Excess of Revenues Over (Under) Expenditures	204,384	204,384	(40,329)	(244,713)
Other financing sources (uses):				
Advances In	0	0	59,536	59,536
Total Other Financing Sources (Uses)	0	0	59,536	59,536
Net Change in Fund Balance	204,384	204,384	19,207	(185,177)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(7,306)	(7,306)	(7,306)	0
Fund Balance End of Year	\$197,078	\$197,078	\$11,901	(\$185,177)

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, 2004

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$931,756	\$931,756	\$879,094	(\$52,662)
Charges for Services	498,236	498,236	470,076	(28,160)
Total Revenues	1,429,992	1,429,992	1,349,170	(80,822)
Expenditures:				
Current:				
Support Services:				
Operation of Non-Instructional Services	1,403,494	1,403,494	1,496,322	(92,828)
Total Expenditures	1,403,494	1,403,494	1,496,322	(92,828)
Excess of Revenues Over (Under) Expenditures	26,498	26,498	(147,152)	(173,650)
Other financing sources (uses):				
Advances In	0	0	156,000	156,000
Advances (Out)	(26,498)	(26,498)	(25,000)	1,498
Total Other Financing Sources (Uses)	(26,498)	(26,498)	131,000	157,498
Net Change in Fund Balance	0	0	(16,152)	(16,152)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,572	18,572	18,572	0
Fund Balance End of Year	\$18,572	\$18,572	\$2,420	(\$16,152)

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, 2004

	Uniform School Supply Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$40,000	\$40,000	\$57,134	\$17,134
Total Revenues	40,000	40,000	57,134	17,134
Expenditures:				
Current:				
Support Services:				
Operation of Non-Instructional Services	40,000	40,000	42,402	(2,402)
Total Expenditures	40,000	40,000	42,402	(2,402)
Excess of Revenues Over (Under) Expenditures	0	0	14,732	14,732
Net Change in Fund Balance	0	0	14,732	14,732
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,095	29,095	29,095	0
Fund Balance End of Year	\$29,095	\$29,095	\$43,827	\$14,732

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, 2004

	Debt Service Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$2,267,070	\$2,242,296	\$2,160,370	(\$81,926)
Investment Earnings	1,476	1,460	1,407	(53)
Intergovernmental	289,122	285,962	275,514	(10,448)
Total Revenues	2,557,668	2,529,718	2,437,291	(92,427)
Expenditures:				
Current:				
Support Services:				
Fiscal	2,089	2,089	29,642	(27,553)
Debt Service:				
Principal Retirement	43,697	43,697	620,000	(576,303)
Interest and Fiscal Charges	114,214	114,214	1,620,528	(1,506,314)
Total Expenditures	160,000	160,000	2,270,170	(2,110,170)
Excess of Revenues Over (Under) Expenditures	2,397,668	2,369,718	167,121	(2,202,597)
Net Change in Fund Balance	2,397,668	2,369,718	167,121	(2,202,597)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	401,810	401,810	401,810	0
Fund Balance End of Year	\$2,799,478	\$2,771,528	\$568,931	(\$2,202,597)

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, 2004

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,360,565	\$1,352,319	\$757,612	(\$594,707)
Intergovernmental	150,270	149,360	83,676	(65,684)
Total Revenues	1,510,835	1,501,679	841,288	(660,391)
Expenditures:				
Current:				
Support Services:				
Fiscal	12,808	12,808	13,295	(487)
Central	163,250	163,250	169,451	(6,201)
Debt Service:				
Principal Retirement	348,222	348,222	361,450	(13,228)
Interest and Fiscal Charges	239,392	239,392	248,486	(9,094)
Total Expenditures	763,672	763,672	792,682	(29,010)
Excess of Revenues Over (Under) Expenditures	747,163	738,007	48,606	(689,401)
Net Change in Fund Balance	747,163	738,007	48,606	(689,401)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	895,436	895,436	895,436	0
Fund Balance End of Year	\$1,642,599	\$1,633,443	\$944,042	(\$689,401)

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, 2004

	Permanent Improvement Renewal Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	9,587,598	9,587,598	\$401,450	(\$9,186,148)
Other Revenues	412,402	412,402	17,268	(395,134)
Total Revenues	10,000,000	10,000,000	418,718	(9,581,282)
Expenditures:				
Current:				
Support Services:				
School Administration	5,958	5,958	1,644	4,314
Fiscal	7,850	7,850	2,166	5,684
Capital Outlay	43,884,191	43,884,191	12,108,137	31,776,054
Total Expenditures	43,897,999	43,897,999	12,111,947	31,786,052
Excess of Revenues Over (Under) Expenditures	(33,897,999)	(33,897,999)	(11,693,229)	22,204,770
Net Change in Fund Balance	(33,897,999)	(33,897,999)	(11,693,229)	22,204,770
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,465,373	34,465,373	34,465,373	0
Fund Balance End of Year	\$567,374	\$567,374	\$22,772,144	\$22,204,770

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, 2004

	Classroom Facilities ADA Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$28,000	\$28,000	\$0	(\$28,000)
Total Revenues	28,000	28,000	0	(28,000)
Expenditures:				
Current:				
Instruction:				
Regular	28,000	28,000	0	28,000
Total Expenditures	28,000	28,000	0	28,000
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,832	27,832	27,832	0
Fund Balance End of Year	\$27,832	\$27,832	\$27,832	\$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, 2004

	SchoolNet Plus Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$81,675	\$81,675
Total Revenues	0	0	81,675	81,675
Expenditures:				
Current:				
Support Services:				
Central	9,791	9,791	73,002	(63,211)
Total Expenditures	9,791	9,791	73,002	(63,211)
Excess of Revenues Over (Under) Expenditures	(9,791)	(9,791)	8,673	18,464
Net Change in Fund Balance	(9,791)	(9,791)	8,673	18,464
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,793	4,793	4,793	0
Fund Balance End of Year	(\$4,998)	(\$4,998)	\$13,466	\$18,464

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, 2004

	SchoolNet Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$8,000	\$8,000	\$0	(\$8,000)
Total Revenues	8,000	8,000	0	(8,000)
Expenditures:				
Current:				
Support Services:				
Central	8,000	8,000	1,190	6,810
Total Expenditures	8,000	8,000	1,190	6,810
Excess of Revenues Over (Under) Expenditures	0	0	(1,190)	(1,190)
Net Change in Fund Balance	0	0	(1,190)	(1,190)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,190	1,190	1,190	0
Fund Balance End of Year	\$1,190	\$1,190	\$0	(\$1,190)

**STATISTICAL
SECTION**

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Trotwood-Madison City School District
 General Fund Operating Revenues By Source
 Last Ten Fiscal Years

TABLE I

Fiscal Year	1995	1996 (1)	1997	1998	1999	2000	2001	2002	2003	2004
Taxes	\$7,000,775	\$7,676,845	\$5,963,756	\$5,538,561	\$5,099,339	\$5,311,396	\$9,077,722	\$8,864,122	\$9,141,222	\$9,506,444
Intergovernmental	9,924,262	11,354,629	11,683,258	12,218,819	13,283,116	13,715,827	14,495,417	16,251,109	17,393,312	18,959,271
Investment Revenue	95,641	167,644	192,250	312,856	318,853	340,076	372,367	156,446	103,725	77,563
Tuition and Fees	85,807	58,935	64,699	129,836	460,982	646,067	656,545	642,918	349,333	438,388
Other Revenues	69,053	0	22,978	258,972	87,916	327,877	457,087	184,880	545,282	678,470
Total Revenues	\$17,175,538	\$19,258,053	\$17,926,941	\$18,459,044	\$19,250,206	\$20,341,243	\$25,059,138	\$26,099,475	\$27,532,874	\$29,660,136

Source: Trotwood-Madison City School District records.

(1) The first fiscal year reported on the GAAP basis. All prior fiscal years are reported on a cash basis.

Trotwood-Madison City School District
 General Fund Operating Expenditures by Function
 Last Ten Fiscal Years

TABLE 2

Fiscal Year	1995 (2)	1996 (1)	1997	1998	1999	2000	2001	2002	2003	2004
Regular Instruction	\$7,930,798	\$8,453,340	\$5,704,222	\$8,726,414	\$9,481,224	\$9,983,932	\$10,027,319	\$9,477,878	\$9,817,985	\$9,921,338
Special Instruction	2,000,570	2,147,031	2,466,625	2,472,859	3,562,931	3,796,175	4,127,053	4,857,606	5,602,904	7,009,959
Vocational Instruction	552,823	498,631	385,705	323,446	180,911	261,864	183,376	114,182	73,277	68,498
Other Instruction	19,126	23,549	24,373	23,763	20,667	18,035	8,075	22,723	4,299	51,180
Pupil	916,552	670,820	859,243	846,743	908,920	1,350,895	910,883	987,849	1,055,997	979,517
Instructional Staff	439,578	377,662	440,936	682,438	1,030,673	919,742	1,338,813	1,689,784	1,599,555	1,392,882
General Administration	46,776	83,555	65,680	99,456	77,614	63,990	91,779	60,718	115,555	45,032
School Administration	1,506,289	1,647,723	1,630,385	1,789,846	1,905,479	1,890,673	1,727,905	2,566,961	2,217,185	2,004,654
Fiscal	465,946	528,580	428,038	398,222	454,710	690,116	374,863	510,849	671,195	819,551
Business	75,642	157,570	165,432	174,367	205,826	394,057	3,380	237,175	220,727	224,818
Operations and Maintenance	1,881,897	1,940,084	1,909,346	2,036,533	2,661,465	3,537,079	1,327,161	2,308,202	2,250,885	2,394,250
Pupil Transportation	1,007,548	1,002,091	1,019,479	1,175,911	1,062,835	1,354,838	1,205,404	1,505,013	1,318,703	1,532,190
Central	312,908	575,625	493,667	636,459	392,603	526,251	566,068	802,876	781,629	845,729
Operation of Non-Instructional Services	0	367	1,132	264	1,892	0	0	0	0	0
Extracurricular Activities	257,269	235,727	228,771	276,877	294,110	256,803	288,441	272,239	210,882	550,886
Capital Outlay	0	24,360	0	0	0	0	0	0	0	0
Debt Service:										
Principal	1,229,110	311,955	336,559	437,639	515,460	687,814	711,652	564,941	156,500	106,500
Interest	0	230,310	143,309	102,809	191,817	131,715	99,397	73,204	52,234	32,833
Total Expenditures	\$18,642,832	\$18,908,980	\$16,302,902	\$20,204,046	\$22,949,137	\$25,863,979	\$22,991,569	\$26,052,200	\$26,149,512	\$27,979,817

Source: Trotwood-Madison City School District records.

(1) The first fiscal year reported on the GAAP basis. All prior fiscal years are reported on a cash basis.

(2) Information was not available to break out principal and interest

Trotwood-Madison City School District
 Property Tax Levies and Collections - Real, Public Utility and Tangible Property
 Last Nine Collection (Calendar) Years

TABLE 3

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Tax Levied
1996	10,311,102	10,020,717	97.18%	328,854	10,349,571	100.37%	1,081,476	10.49%
1997	10,664,345	10,325,481	96.82%	620,449	10,945,930	102.64%	1,221,403	11.45%
1998	10,790,396	10,191,363	94.45%	615,175	10,806,538	100.15%	1,316,843	12.20%
1999	10,820,181	10,104,071	93.38%	496,692	10,600,763	97.97%	1,365,967	12.62%
2000	10,906,926	10,331,796	94.73%	596,923	10,928,719	100.20%	1,807,811	16.57%
2001	10,973,806	10,107,623	92.11%	443,833	10,551,456	96.15%	1,776,524	16.19%
2002	10,960,059	9,845,736	89.83%	452,314	10,298,050	93.96%	1,774,060	16.19%
2003	12,272,223	11,344,812	92.44%	690,905	12,035,717	98.07%	2,054,088	16.74%
2004	14,046,330	13,055,633	92.95%	1,057,515	14,113,148	100.48%	3,231,967	23.01%

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.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

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

TABLE 4

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1996	180,379,660	515,370,457	24,736,239	98,944,956	17,538,130	19,929,693	222,654,029	634,245,106	35.11%
1997	204,600,340	584,572,400	26,392,499	105,569,996	17,268,210	19,622,966	248,261,049	709,765,362	34.98%
1998	205,800,690	588,001,971	28,652,050	114,608,200	16,721,950	19,002,216	251,174,690	721,612,387	34.81%
1999	208,856,650	596,733,286	27,039,712	108,158,848	16,267,380	18,485,659	252,163,742	723,377,793	34.86%
2000	220,632,420	630,378,343	26,275,809	105,103,236	14,815,900	16,886,250	261,724,129	752,367,829	34.79%
2001	220,430,720	629,802,057	24,947,808	99,791,232	13,390,910	15,216,943	258,769,438	744,810,232	34.74%
2002	220,961,430	631,318,371	22,837,365	91,349,460	10,706,700	27,470,773	254,505,495	750,138,604	33.93%
2003	252,118,370	720,338,200	20,069,465	80,277,860	10,870,750	27,918,090	283,058,585	828,534,150	34.16%
2004	251,199,900	717,714,000	20,422,178	81,688,712	10,644,960	27,338,193	282,267,038	826,740,905	34.14%

Source: Montgomery County Auditor.

(1) Montgomery County Auditor property tax records are maintained on a calendar year basis.

(2) Ratio represents assessed value/total estimated value.

Trotwood-Madison City School District
 Property Tax Rates (Per \$1,000 of Assessed Valuation)
 Direct and Overlapping Governments
 Last Nine Collection (Calendar) Years

TABLE 5

	2004	2003	2002	2001	2000	1999	1998	1997	1996
Trotwood-Madison City School District	\$61	\$61	\$53	\$53	\$53	\$54	\$54	\$54	\$56
Montgomery County	18	17	17	17	17	17	17	17	17
City of Trotwood	17	17	17	12	5	15	15	15	15
Joint Vocational School	3	3	3	3	3	3	3	3	3
Library	0	0	0	0	0	0	0	1	1

Source: Montgomery County Auditor.

Trotwood-Madison City School District
 Ratio of Net General Bonded Debt to Assessed Value
 And Net Bonded Debt Per Capita
 Last Ten Fiscal Years

TABLE 6

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
1995	29,358	217,690,496	625,000	16,659	608,341	0.28%	21
1996 (4)	29,358	222,654,029	200,000	(8,452)	200,000	0.09%	7
1997	29,358	248,261,049	0	153,251	0	0.00%	0
1998	29,358	251,174,690	0	134,339	0	0.00%	0
1999	29,358	252,163,742	0	92,259	0	0.00%	0
2000	27,420	261,724,129	0	92,259	0	0.00%	0
2001	27,420	258,769,438	0	0	0	0.00%	0
2002	27,420	254,505,495	0	0	0	0.00%	0
2003	27,420	283,058,585	35,000,000	581,451	34,418,549	12.16%	1,255
2004	27,420	282,267,038	34,480,952	695,279	33,785,673	11.96%	1,232

Sources:

- (1) City of Trotwood
- (2) Montgomery County Auditor, calendar year basis.
- (3) Information was not available.
- (4) The first fiscal year reported on the GAAP basis. All prior fiscal years are reported on a cash basis.

Trotwood-Madison City School District
 Computation of Legal Debt Margin
 June 30, 2004

TABLE 7

Assessed Valuation of District	<u>\$282,267,038</u>
<u>Overall Direct Debt Limitation</u>	
Direct debt limitation	
9% of assessed valuation	\$25,404,033
Amount available in Debt Service Fund	695,279
Gross indebtedness	\$34,480,952
Less: Debt exempt from limitation	<u>34,480,952</u>
Debt subject to 9% limitation	<u>0</u>
Legal debt margin within 9% limitation	<u>\$26,099,312</u>
<u>Unvoted Direct Debt Limitation</u>	
Unvoted debt limitation	
0.1% of assessed valuation	\$282,267
Amount available in Debt Service Fund	0
related to unvoted debt	
Gross indebtedness authorized by the Board	0
Less: Debt exempt from limitation	<u>0</u>
Debt subject to 0.1% limitation	<u>0</u>
Legal debt margin within 0.1% limitation	<u>\$282,267</u>
<u>Energy Conservation Bond Limitation</u>	
Ohio Revised Code Section 133.042	
Debt limitation	
0.9% of assessed valuation	\$2,540,403
Energy conservation notes authorized	436,875
by the Board	
Legal debt margin within 0.9% limitation	<u>\$2,103,528</u>

Source: Trotwood-Madison City School District records.

Trotwood-Madison City School District
 Computation of Direct and Overlapping Debt
 June 30, 2004

TABLE 8

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District (1)</u>	<u>Amount Applicable to District</u>
Direct:			
Trotwood-Madison City School District	<u>\$34,813,000</u>	100.00%	<u>\$34,813,000</u>
Overlapping:			
Montgomery County	\$59,950,260	2.82%	\$1,690,597
City of Clayton	1,600,000	2.87%	45,920
City of Dayton	73,100,000	0.37%	270,470
City of Trotwood	4,925,000	82.18%	4,047,365
Miami Valley Regional T/A	<u>11,580,000</u>	2.82%	<u>326,556</u>
Total overlapping:	<u>\$151,155,260</u>		<u>\$6,380,908</u>
Total direct and overlapping debt:	<u>\$185,968,260</u>		<u>\$41,193,908</u>

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

Trotwood-Madison City School District
Ratio of Annual Debt Service Expenditures
For General Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years

TABLE 9

Fiscal Year	Principal (2)	Interest (2)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1995	414,336	0	414,336	18,642,832	2.22%
1996 (1)	357,207	71,778	428,985	18,908,980	2.27%
1997	947,360	245,796	1,193,156	16,302,902	7.32%
1998	87,284	42,915	130,199	20,204,046	0.64%
1999	707,700	141,540	849,240	22,949,137	3.70%
2000	687,814	131,715	819,529	25,863,979	3.17%
2001	1,009,382	132,010	1,141,392	22,991,569	4.96%
2002	1,008,459	179,259	1,187,718	26,052,200	4.56%
2003	371,500	941,827	1,313,327	26,149,512	5.01%
2004	950,950	1,832,630	2,783,580	27,979,817	9.95%

Source: Trotwood-Madison City School District records.

- (1) The first fiscal year reported on the GAAP basis.
All prior fiscal years are reported on a cash basis.
- (2) Information was not available to break out principal and interest from 1993 - 1995.

Trotwood-Madison City School District
 Demographic Statistics
 Last Ten Fiscal Years

TABLE 10

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Montgomery County (3)</u>
1995	29,358	4,030	4.0%
1996	29,358	4,129	4.4%
1997	29,358	4,312	4.0%
1998	29,358	4,200	4.1%
1999	29,358	4,217	3.9%
2000	27,420	3,811	4.0%
2001	27,420	4,385	4.0%
2002	27,420	3,854	4.3%
2003	27,420	3,730	4.3%
2004	27,420	3,503	4.3%

Sources: (1) Census data provided by the City of Trotwood

(2) Trotwood - Madison City School District records

(3) State of Ohio Bureau of Employment Services.
 Rates are for Montgomery County.

Trotwood-Madison City School District
 Construction, Bank Deposits and Property Values
 Last Ten Calendar Years

TABLE 11

Calendar Year	Construction (1)	Bank Deposits (2) (in Thousands)	Property Values (3)
1995	2,326,428	3,995,114	174,901,090
1996	12,480,803	3,899,114	180,379,660
1997	4,307,023	3,530,314	204,600,340
1998	8,171,750	3,264,705	205,800,690
1999	5,767,193	2,994,378	208,856,650
2000	18,556,363	191,473 (4)	220,632,420
2001	7,529,441	208,298	220,430,720
2002	36,951,545	224,099	220,961,430
2003	*	*	252,118,370
2004	*	*	251,199,900

- Sources:
- (1) City of Trotwood, Department of Planning and Development
 - (2) Total deposits of all banks headquartered in Montgomery County, Ohio. (includes national and state chartered banks.) Data was not available for the District only. [Federal Reserve Bank, Cleveland.]
 - (3) Montgomery County Auditor, calendar year basis - real property assessed values.
 - (4) In 2000, the County's largest bank, Fifth Third of Western Ohio, moved its headquarters to Hamilton County. [Federal Reserve Bank, Cleveland.]

* information not available

Trotwood-Madison City School District
 Real Property
 Top Ten Principal Taxpayers
 June 30, 2004

TABLE 12

<u>Name of Taxpayer</u>	<u>Real Property</u>	<u>% of Total Assessed Valuation</u>
Dayton Power & Light Company	\$5,531,430	2.20%
Bradley Operating	4,689,730	1.87%
Verizon North Inc.	3,145,650	1.25%
Castlebrook Capital	2,940,200	1.17%
Lowes Home Center	2,429,040	0.97%
Tramlaw LLC	2,112,990	0.84%
Belle Meadows	1,912,930	0.76%
Graoch Associates, LTD.	1,889,980	0.75%
Sears Roebuck & Co.	1,681,300	0.67%
Fieldstone Limited	1,414,140	0.56%
	<u>\$27,747,390</u>	<u>11.05%</u>

Source: Montgomery County Auditor.

(1) Based on information available as of June 30, 2004.

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	U	CTC	Total
2003-04	202	204	215	227	238	308	260	324	278	327	317	251	247	0	105	3,503
The following are projections:																
2004-05	347	344	341	336	330	305	380	319	331	329	330	315	290	0	106	4403
2005-06	356	352	349	346	341	335	310	382	323	332	326	320	305	0	107	4484
2006-07	365	361	357	354	351	346	340	315	384	327	324	318	313	0	108	4563
2007-08	374	370	366	362	359	356	351	345	320	385	329	314	311	0	109	4651
2008-09	383	379	375	371	367	364	361	356	350	325	370	319	307	0	108	4735
2009-10	392	388	384	380	376	372	369	366	361	340	315	360	312	0	109	4824
2010-11	383	379	375	371	367	363	360	357	352	331	306	348	303	0	110	4705
2011-12	381	370	371	370	360	362	351	350	350	325	305	347	302	12	108	4664
2012-13	384	360	365	365	370	345	350	351	356	354	350	348	249	8	105	4660

(Figures include MVCTC Students).

Source: Trotwood-Madison City School District records.

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**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
JULY 7, 2005**