



**Auditor of State
Betty Montgomery**

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

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$54,245		\$54,245
National School Breakfast Program	05-PU-02 05-PU-03	10.553	\$54,516 131,818		\$54,516 131,818	
Total National School Breakfast Program			186,334		186,334	
National School Lunch Program	LL-P4-02 LL-P4-03	10.555	184,277 521,059		184,277 521,059	
Total National School Lunch Program			705,336		705,336	
Summer Food Service Program	23-PU-02 24-PU-02	10.559	12,870 (1,061)		12,870 (1,061)	
Total Summer Food Service Program			11,809		11,809	
Total U.S. Department of Agriculture - Nutrition Cluster			903,479	54,245	903,479	54,245
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Education Agencies (ESEA Title I)	C1-S1 2001 C1-S1 2002 C1-S1 2003 & C1-SK 2003	84.010			91,757 210,565 743,431	
Total Grants to Local Education Agencies (ESEA Title I)			263,939 394,626		743,431 1,045,753	
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF 2002-P 6B-SF 2003-P	84.027	174,891 74,799		133,687 345,153	
Total Special Education Grants to States (IDEA Part B)			249,690		478,840	
EHA Preschool Grants/Handicapped	PG-S1-02 PG-S1-03	84.173			2,062 6,984	
Total EHA Preschool Grants/Handicapped			1,257		9,046	
Total Special Education Cluster			250,947		487,886	
Drug-Free Schools Grant	DR-S1 2001 DR-S1 2002 DR-S1 2003	84.186			14,972 948 42,984	
Total Drug-Free Schools Grant			(10,671) 28,327 17,656		58,904	
Eisenhower Professional Development Grant	MS-S1 2001 MS-S1 2002	84.281			7,461 8,787	
Total Eisenhower Professional Development Grant			(5,358) (5,358)		16,248	
Goals 2000	G2-S1 2001 G2-S1 2002 G2-S2 2001	84.276			19,137 274 16,364	
Total Goals 2000					35,775	
Innovative Education Program	C2-S1 2002 C2-S1 2003	84.298	3,226 5,415		(339) 17,229	
Total Innovative Education Program			8,641		16,890	

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Technology Literacy Challenge Grant	TJ-S1 2003	84.318	5,351		13,774	
Comprehensive School Reform	RF-CC 2003 RF-S1 2002	84.332	22,500		51,560	
Total Comprehensive School Reform			22,500		65,088	
Class Size Reduction Subsidy	CR-S1 2002	84.340			27,091	
Title 1 School Improvement Grant	AK-S1 2001 AK-S1 2002	84.348	(30,711)		113,445	
Total Title 1 School Improvement Grant			(30,711)		123,688	
School Renovation Tech Grant	AT-S2-02 AT-S2-03 ST-S2-04	84.352A	12,224 9,837 2,415		12,224 6,114	
Total School Renovation Tech Grant			24,476		18,338	
Improving Teacher Quality Grant	TR-S1 2003	84.367	55,565		43,443	
<i>Direct</i> Carol M. White Physical Fitness Grant	S215F020372	84.215F	377,793		378,692	
Total U.S. Department of Education			1,121,486		2,331,570	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Ohio Dept. of Mental Retardation and Dev. Disabilities:</i>						
Medicaid	N/A	93.778	74,235		74,235	
<i>Passed through Montgomery County Educational Service Center:</i>						
Medicaid	N/A	93.778	4,600		4,600	
Total U.S. Department of Health and Human Services			78,835		78,835	
Total Federal Assistance			\$2,103,800	\$54,245	\$3,313,884	\$54,245

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal funds received from the National School Lunch and Breakfast Programs were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2003, the District had food commodities inventory in the amount of \$3,606.

NOTE D - GRANTS TO LOCAL EDUCATION AGENCIES (ESEA TITLE 1)

The District received two separate ESEA Title 1 grants in Fiscal Year 2003, both of which were CFDA 84.010, but separate project numbers (C1-S1 2003 and C1-SK 2003). On the Schedule of Federal Awards Expenditures they are shown on the same line since the District did not establish a separate special cost center to account for each projects receipts and expenditures.

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**Auditor of State
Betty Montgomery**

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

Trotwood-Madison City School District
Montgomery County
444 South Broadway
Trotwood, Ohio 45426

To the Board of Education:

We have audited the financial statements of the Trotwood-Madison City School District, Montgomery County, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated February 24, 2004, wherein we noted the District adopted Government Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 24, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2003-005 and 2003-006.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-006 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have we have reported to the management of the District in a separate letter dated February 24, 2004.

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



Betty Montgomery
Auditor of State

February 24, 2004



Auditor of State Betty Montgomery

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

Trotwood-Madison City School District
Montgomery County
444 South Broadway
Trotwood, Ohio 45426

To the Board of Education:

Compliance

We have audited the compliance of Trotwood-Madison City School District, Montgomery County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated February 24, 2004.

Internal Control Over Compliance

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

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2003-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 24, 2004.

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2004. 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 federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

February 24, 2004

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

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

FOR THE YEAR ENDED JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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<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)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material 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?	Yes
<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?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 84.010 - Title I - Grants to Local Educational Agencies (ESEA Title I) CFDA #84.215F – Carol M. White Physical Fitness Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Finding Number	2003-001
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Material Noncompliance

Ohio Rev. 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 appropriation measure is to become effective until the county auditor files a certificate that the total appropriation from each fund does not exceed the total official estimate or amended official estimate. The District did not file its appropriation measures with the Montgomery County Auditor for fiscal 2003 and therefore no certificate was obtained stating appropriations from each fund did not exceed the total official estimate or amended official estimate.

Additionally, the following funds had appropriations (Board Approved) that exceeded the Official Certificate of Estimated Resources:

Fiscal Year / Fund	Appropriations	Estimated Resources	Appropriations Exceed Estimated Resources
<i>Special Revenue Funds:</i>			
Local Grants	\$ 40,000	\$ 34,871	\$ 5,129
District Managed Act.	130,000	126,239	3,761
Entry Year Programs	60,000	34,040	25,960
Schoolnet Prof. Develop.	4,450	940	3,510
Ohio Reads	68,000	10,961	57,039
Alternative School	25,411	15,808	9,603
Eisenhower Grant	280,000	42,503	237,497
Title VI-B	415,550	217,294	198,256
Title 1	1,227,000	1,216,037	10,963
Chapter II Fund	30,000	29,646	354
Preschool Handicapped	7,000	6,105	895
E-Rate	37,000	34,587	2,413
<i>Debt Service Fund</i>	35,583,000	0	35,583,000
<i>Capital Projects Funds:</i>			
Building Fund	45,000,000	35,000,000	10,000,000
Classroom Facilities	46,000	45,917	83
IVDL	8,700	0	8,700
<i>Enterprise Funds:</i>			
Food Service	1,400,000	1,294,097	105,903
<i>Internal Service Fund</i>			
	2,200,000	265,489	1,934,511
<i>Trust Funds:</i>			
Special Trust	25,000	21,924	3,076
Endowment	70,000	68,056	1,944

We recommend that adopted appropriation measures be compared to the estimated resources and that appropriate modifications be made throughout the year to keep appropriations within estimated resources. We also recommend that management review this Revised Code Section and Auditor of State Bulletin 97-010 which addresses certain budgetary issues.

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

Finding Number	2003-002
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Material Noncompliance

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. Our testing indicated the following funds had expenditures and encumbrances in excess of the amounts appropriated (including the prior year's carryover encumbrances) as of June 30, 2003:

Fiscal Year / Fund	Appropriations Plus Prior Year Encumbrances	Expenditures Plus Encumbrances	Expenditures Exceed Appropriations
<i>General Fund</i>	\$ 29,786,413	\$ 32,135,697	\$ 2,349,284
<i>Special Revenue Funds:</i>			
Other Grant	40,000	410,939	370,939
Auxiliary Services	42,231	228,536	186,305
Career Development	4,020	4,254	234
Teacher Development	0	3,270	3,270
DPIA	0	1,868,068	1,868,068
Schoolnet Prof. Develop.	4,450	7,388	2,938
Summer Intervention	8,733	21,718	12,985
Alternative School	25,627	38,535	12,908
Extended Learning Opp.	102	24,848	24,746
Title VI-B	425,872	555,985	130,113
Title 1	1,277,904	1,310,487	32,583
Drug Free Grant	32,704	58,904	26,200
Preschool Handicapped	7,000	9,046	2,046
Goals 2000	580	16,638	16,058
Title VI-R	419	81,217	80,798
Other Federal Grants	2,271	58,879	56,608
<i>Debt Service Fund</i>	35,583,000	36,468,493	885,493
<i>Capital Projects Fund:</i>			
SchoolNet	126,560	127,927	1,367
<i>Enterprise Funds:</i>			
Food Service	1,477,027	1,511,893	34,866
<i>Internal Service Fund</i>	2,200,000	2,566,750	366,750

We recommend that expenditures and encumbrances be compared to the appropriation measures adopted by the Board of Education and that appropriate modifications be made to appropriations throughout the year as the Board of education determines appropriate. This analysis should also encompass a review of the available resources.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2003-003
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Material Noncompliance

Ohio Rev Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund is established. As of June 30, 2003, the following Special Revenue Funds had deficit cash fund balances as follows:

Alternative School	\$ 15,345
Title VI-B	287,591
Title 1	641,563
Title VI	11,934
Drug Free School	14,657
Handicapped Preschool	7,782
Title VI-R	9,617
Other Federal Grants	7,637

The deficit cash balances indicate that cash from another fund has been used to pay the obligations of these funds. The District should implement budgetary review procedures that would identify deficit funding situations prior to their occurrence and to advance funds from the general fund or to request grant funds on a more timely basis to prevent deficit cash fund balances from occurring. The District should refer to Audit Bulletin 97-003 for guidance on the accounting treatment of advances.

Finding Number	2003-004
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Material Noncompliance

Ohio Rev. 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 an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking such certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of the certification. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000 (\$3,000 effective April 7, 2003), in order to make payment the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The District Treasurer failed to comply with this requirement and the exception was not utilized for 15% of the disbursements examined for fiscal year 2003.

The District should develop a purchase order system to approve purchase commitments in advance and to provide for the Treasurer's certification that funds are available prior to the commitment and expenditure of funds.

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

Finding Number	2003-005
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Reportable Condition

Food Service Receipt Supporting Documentation

The 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. This occurred because the computer system was not functioning properly during the entire year. Failure to maintain computerized terminal reports or cash register tapes could allow for errors or the misappropriation of cash to occur without timely detection.

This weakness could result in the misstatement of financial activity. Due to the amount of activity that flows through this account and in order to increase control and accountability over daily food service revenue transaction activity, we recommend the District establish and implement procedures to have school buildings attach a cash register tape or computerized terminal report to support each days cash receipt, and to have a contingency plan in the event of a downed computer system or cash register.

Finding Number	2003-006
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Reportable Condition - Material Weakness

Monthly Bank Reconciliations

The District performs bank reconciliations at the end of each month to reconcile the bank accounts to its accounting records. During fiscal year 2003 the District's monthly reconciliations indicated several instances with large unreconciled differences including, but not limited to the following:

- September 2002 had an unreconciled difference of (\$302,728)
- May 2003 had an unreconciled difference of (\$299,168)
- June 2003 had an unreconciled difference of \$131,696

The following errors occurred that were not reconciled between the bank balances and the book balances and helped lead to the above variances:

- 1) The August 2002 real estate tax settlement totaling \$1,241,518 from the Montgomery County Auditor was wired into the District's bank account, however, it was not posted to the Districts accounting ledgers during the fiscal year ending June 30, 2003.
- 2) Interest received from deposits was posted to the books two to three months after receipt.
- 3) A debt payment was wired from one District bank account to another District account for the 1999 School Bus note payment on April 15, 2003; however, the amount was not posted to the District's accounting ledgers during the fiscal year ending June 30, 2003.
- 4) On March 31, 2003, the District posted an entry for \$1,000,000 to the Permanent Improvement Renewal Fund as investment earnings; however, there was no support for this entry and it should not have been made.

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

Due to the above matters, the District was determined to be unauditible by the Auditor of State on October 20, 2003, and was given 90 days to correct these errors and reconcile its books. The errors were subsequently corrected by the District.

The District also maintains a bank account for the self-insurance activity. The self-insurance account includes District transfers of funds into the account to pay for the insurance claims approved by the Third Party Administrator (TPA). The checks against this account are written by the TPA. The District has not reconciled this account.

The District should establish and implement procedures for performance of monthly bank reconciliations and managements review of the completed reconciliations. When differences arise between the bank balance and the District's book balance, the differences should be investigated and the underlying reasons documented and corrected if they represent posting errors. The District should not post entries to the accounting system for which there is no support.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2003-007
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Reportable Condition - Material Weakness

Posting of Federal Revenue

The District received \$377,793 from the U.S. Department of Education for the Carol M. White Physical Fitness Grant during fiscal year 2003. The District recorded the receipt of these funds as miscellaneous revenue, rather than correctly identifying them as federal revenue. In order to provide assurance that all federal receipts and expenditures are identified for inclusion on the Schedule of Federal Awards Expenditures, all revenue received directly from the federal government, or passed through another agency should be identified and posted to the system as federal revenue.

The District should carefully review grant documents for the identity of the grantor agency and post the receipts to the appropriate revenue account as designated by the Uniform School Accounting System.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)**

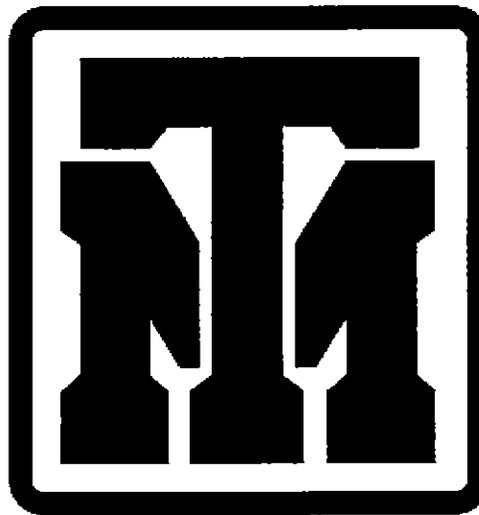
FOR THE YEAR ENDED JUNE 30, 2003

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2002-10357-001	Ohio Rev. Code Section 5705.41(D) Failure to certify the availability of funds prior to incurring an obligation.	No	Re-issued as finding 2003-004.
2002-10357-002	Ohio Rev. Code Section 5705.41(B) Expenditures in excess of the amounts appropriated.	No	Re-issued as finding 2003-002.
2002-10357-003	Reportable Condition – Failure to reconcile self-insurance bank account.	No	Re-issued as part of finding 2003-006.

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2003



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

Our Mission is 100% Student Success

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**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!

February 24, 2004

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, 2003, 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 GFOA and ASBO certificates the District received for the June 30, 2002 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 2003 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 2003 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, 2003, were as follows:

Board Member	Began Service	Term Expires	Profession
Adrienne Heard	July, 1999	December, 2003	Consultant
Michael Ratcliff	January, 2000	December, 2003	Retired City Manager
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, 2003.

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 2003.

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 2002-2003 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 2002-2003

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

This is the first year 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. Proprietary and fiduciary funds use the accrual basis of accounting.

As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for the fiscal year 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 \$870,334 for the year ended June 30, 2003.

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 Auditor of State's 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.

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, 2002. 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 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

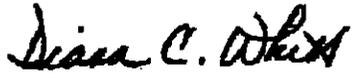
The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by all expert panel 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, 2002. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2003, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2003 Comprehensive Annual Financial Report of the Trotwood-Madison City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,

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

Diana C. Whitt
Treasurer

TROTWOOD-MADISON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2003

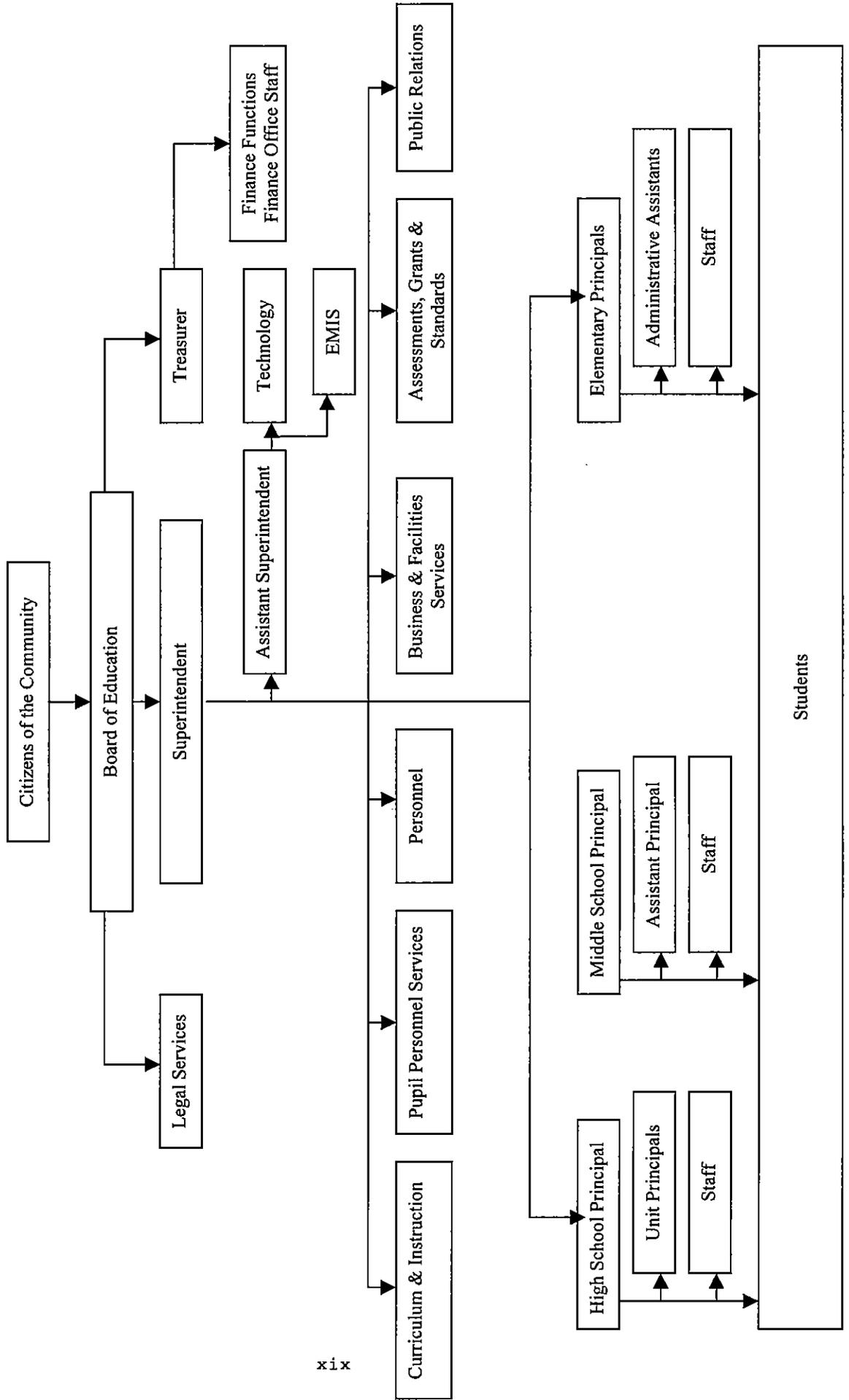
BOARD OF EDUCATION

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
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

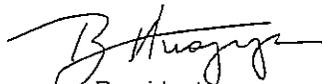


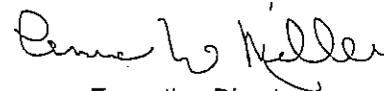
This Certificate of Excellence in Financial Reporting is presented to

TROTWOOD-MADISON CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

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


President


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, 2002

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



President

Executive Director

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FINANCIAL SECTION

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Trotwood-Madison City School District
Montgomery County
444 S. Broadway
Trotwood, Ohio 45426

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trotwood-Madison City School District, Montgomery County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trotwood-Madison City School District, Montgomery County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis, are not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. 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.

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



Betty Montgomery
Auditor of State

February 24, 2004

TROTWOOD-MADISON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003
(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, 2003. 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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$4.9 million. Net assets of governmental activities increased \$4.9 million which represents a 81% increase from 2002. Net assets of business-type activities decreased \$29.6 thousand or 23% from 2002.
- General revenues accounted for \$30.9 million in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7.5 million or 20% of total revenues of \$38.4 million.
- Total assets of governmental activities increased by \$4.9 million as taxes receivable increased by \$3.1 million while cash and other receivables decreased by \$1.1 million.
- The District had \$33.5 million in expenses related to governmental activities; \$7.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$30.9 million were adequate to provide for these programs.
- As the major fund, the General Fund had \$27.5 million in revenues and \$26.1 million in expenditures. The General Fund's fund balance increased from \$2.7 to \$3.5 million.

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 *Statements 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 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 questions, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers 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 District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service and uniform school supply are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds are 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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 2002 compared to 2003:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets						
Current and Other Assets	\$55,163,831	\$53,187,786	\$70,501	\$248,912	\$55,234,332	\$53,436,698
Capital Assets	<u>7,576,875</u>	<u>5,387,768</u>	<u>68,289</u>	<u>70,152</u>	<u>7,645,164</u>	<u>5,457,920</u>
Total Assets	<u>62,740,706</u>	<u>58,575,554</u>	<u>138,790</u>	<u>319,064</u>	<u>62,879,496</u>	<u>58,894,618</u>
Liabilities						
Long-Term Liabilities	36,484,527	38,657,120	10,711	50,456	36,495,238	38,707,576
Other Liabilities	<u>15,214,696</u>	<u>13,826,383</u>	<u>28,450</u>	<u>139,371</u>	<u>15,243,146</u>	<u>13,965,754</u>
Total Liabilities	<u>51,699,223</u>	<u>52,483,503</u>	<u>39,161</u>	<u>189,827</u>	<u>51,738,384</u>	<u>52,673,330</u>
Net Assets						
Invested in Capital						
Assets Net of Debt	6,737,050	3,717,114	68,289	70,152	6,805,339	3,787,266
Restricted	3,213,449	1,772,995	0	0	3,213,449	1,772,995
Unrestricted	<u>1,090,984</u>	<u>601,942</u>	<u>31,340</u>	<u>59,085</u>	<u>1,122,324</u>	<u>661,027</u>
Total Net Assets	<u>\$11,041,483</u>	<u>\$6,092,051</u>	<u>\$99,629</u>	<u>\$129,237</u>	<u>\$11,141,112</u>	<u>\$6,221,288</u>

Total assets increased \$3.98 million. Equity in pooled cash and investments decreased \$1.15 million. Taxes receivable increased \$3.07 million. Total liabilities decreased \$0.93 million, resulting in a net asset increase of \$4.92 million.

The net assets of the District business-type activities decreased by \$.03 million. Since the decrease was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	\$525,018	\$493,073	\$1,018,091
Operating Grants	5,574,064	922,161	6,496,225
General Revenue:			
Property Taxes	13,037,450	0	13,037,450
Grants and Entitlements	16,418,135	0	16,418,135
Other	<u>1,432,636</u>	<u>4,151</u>	<u>1,436,787</u>
Total Revenues	<u>36,987,303</u>	<u>1,419,385</u>	<u>38,406,688</u>
Program Expenses:			
Instruction	19,239,136	0	19,239,136
Support Services:			
Pupil and Instructional Staff	3,306,335	0	3,306,335
General and School Administration, Fiscal and Business	3,466,105	0	3,466,105
Operations and Maintenance	2,229,176	0	2,229,176
Pupil Transportation	1,300,394	0	1,300,394
Central	762,348	0	762,348
Community Services	153,418	0	153,418
Extracurricular Activities	495,499	0	495,499
Interest and Fiscal Charges	1,085,459	0	1,085,459
Food Service	0	1,419,964	1,419,964
Uniform School Supply	<u>0</u>	<u>29,029</u>	<u>29,029</u>
Total Expenses	<u>32,037,870</u>	<u>1,448,993</u>	<u>33,486,863</u>
Change in Net Assets	<u>\$4,949,433</u>	<u>(\$29,608)</u>	<u>\$4,919,825</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 80% 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 35% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 60% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses including interest expense were 5%. 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. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Instruction	\$19,239,136	\$14,840,437
Support Services:		
Pupil and Instructional Staff	3,306,335	2,477,602
General and School Administration, Fiscal and Business	3,466,105	3,322,956
Operations and Maintenance	2,229,176	2,218,152
Pupil Transportation	1,300,394	1,227,940
Central	762,348	748,928
Community Services	153,418	17,725
Extracurricular Activities	495,499	(411)
Interest and Fiscal Charges	<u>1,085,459</u>	<u>1,085,459</u>
Total Expenses	<u>\$32,037,870</u>	<u>\$25,938,788</u>

Business-Type Activities

Business-type activities, include the food service operation and the sale of uniform school supplies. These programs had revenues of \$1.42 million and expenses of \$1.44 million for fiscal year 2003. The food service operation receives no support from tax revenues.

The District's Funds

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$103.8 million and expenditures and other financing uses of \$70.3 million. The net change in fund balance for the year was \$33.5 million.

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 \$25.8 million, over original budget estimates of \$24.0 million. Of this \$1.8 million difference, most was due to under estimating grant and tax revenue.

The District's ending unobligated cash balance was (\$1.0) million below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the District had \$7.6 million invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

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

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Land	\$1,156,779	\$1,156,779	\$0	\$0	\$1,156,779	\$1,156,779
Buildings and Improvements	1,880,084	1,685,547	0	0	1,880,084	1,685,547
Equipment	2,350,905	2,606,819	70,152	68,289	2,421,057	2,675,108
Construction in Progress	0	2,127,730	0	0	0	2,127,730
Total Net Assets	<u>\$5,387,768</u>	<u>\$7,576,875</u>	<u>\$70,152</u>	<u>\$68,289</u>	<u>\$5,457,920</u>	<u>\$7,645,164</u>

The increase in capital assets is mainly due to \$2.1 million 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, 2003, the District had \$35,728,375 in bonds outstanding, \$811,500 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2003	Governmental Activities 2002
1993 Energy Conservation Notes Payable	\$0	\$55,000
1996 Energy Conservation Notes Payable	143,375	189,875
1999 Energy Conservation Notes Payable	400,000	455,000
1999 School Bus Notes Payable	185,000	270,000
School Improvement Bond	<u>35,000,000</u>	<u>0</u>
Total Long-Term Notes and Bonds	<u>\$35,728,375</u>	<u>\$969,875</u>

At June 30, 2003, the District's overall legal debt margin was \$26,229,953 with an unvoted debt margin of \$283,059. The District maintains an A-1 bond rating.

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. This report represents the first report using this new financial reporting model.

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, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$38,689,147	\$47,668	\$38,736,815
Restricted Cash and Investments	81,076	0	81,076
Receivables:			
Taxes	14,241,767	0	14,241,767
Accounts	253,727	2,505	256,232
Intergovernmental	1,873,114	15,814	1,888,928
Internal Balances	25,000	(25,000)	0
Inventory	0	29,514	29,514
Nondepreciable Capital Assets	3,284,509	0	3,284,509
Depreciable Capital Assets, Net	4,292,366	68,289	4,360,655
Total Assets	62,740,706	138,790	62,879,496
Liabilities:			
Accounts Payable	112,562	0	112,562
Accrued Wages and Benefits	2,329,774	28,450	2,358,224
Accrued Interest Payable	150,694	0	150,694
Claims Payable	391,071	0	391,071
Deferred Revenue	11,198,246	0	11,198,246
Contracts Payable	442,349	0	442,349
General Obligation Notes Payable	590,000	0	590,000
Long-Term Liabilities:			
Due Within One Year	1,191,171	4,149	1,195,320
Due In More Than One Year	35,293,356	6,562	35,299,918
Total Liabilities	51,699,223	39,161	51,738,384
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,737,050	68,289	6,805,339
Restricted for:			
Debt Service	581,451	0	581,451
Special Revenue	2,631,998	0	2,631,998
Unrestricted	1,090,984	31,340	1,122,324
Total Net Assets	\$11,041,483	\$99,629	\$11,141,112

See accompanying notes.

Trotwood-Madison City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	\$12,470,653	\$285,064	\$1,281,017
Special	6,637,529	37,869	1,709,613
Vocational	73,277	0	0
Other	57,677	0	1,085,136
Support Services:			
Pupil	1,407,173	2,463	493,189
Instructional Staff	1,899,162	350	332,731
General Administration	118,082	0	0
School Administration	2,471,413	3,356	139,793
Fiscal	666,620	0	0
Business	209,990	0	0
Operations and Maintenance	2,229,176	11,024	0
Pupil Transportation	1,300,394	72,454	0
Central	762,348	0	13,420
Community Services	153,418	0	135,693
Extracurricular Activities	495,499	112,438	383,472
Interest and Fiscal Charges	1,085,459	0	0
Total Governmental Activities	32,037,870	525,018	5,574,064
Business-Type Activities:			
Food Service	1,419,964	449,870	922,161
Uniform School Supply	29,029	43,203	0
Total Business-Type Activities	1,448,993	493,073	922,161
Totals	\$33,486,863	\$1,018,091	\$6,496,225

General Revenues:
Property Taxes Levied for:
 General Purposes
 Debt Service
 Capital Projects
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$10,904,572)	\$0	(\$10,904,572)
(4,890,047)	0	(4,890,047)
(73,277)	0	(73,277)
1,027,459	0	1,027,459
(911,521)	0	(911,521)
(1,566,081)	0	(1,566,081)
(118,082)	0	(118,082)
(2,328,264)	0	(2,328,264)
(666,620)	0	(666,620)
(209,990)	0	(209,990)
(2,218,152)	0	(2,218,152)
(1,227,940)	0	(1,227,940)
(748,928)	0	(748,928)
(17,725)	0	(17,725)
411	0	411
(1,085,459)	0	(1,085,459)
(25,938,788)	0	(25,938,788)
0	(47,933)	(47,933)
0	14,174	14,174
0	(33,759)	(33,759)
(\$25,938,788)	(\$33,759)	(\$25,972,547)
10,733,352	0	10,733,352
1,546,904	0	1,546,904
757,194	0	757,194
16,418,135	0	16,418,135
866,183	4,151	870,334
566,453	0	566,453
30,888,221	4,151	30,892,372
4,949,433	(29,608)	4,919,825
6,092,050	129,237	6,221,287
\$11,041,483	\$99,629	\$11,141,112

Trotwood-Madison City School District
Balance Sheet
Governmental Funds
June 30, 2003

	General	Debt Service	Permanent Improvement Renewal	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$3,439,335	\$401,810	\$33,465,373	\$1,184,790	\$38,491,308
Restricted Cash and Investments	81,076	0	0	0	81,076
Receivables:					
Taxes	11,028,084	2,450,829	0	762,854	14,241,767
Accounts	253,347	0	0	380	253,727
Intergovernmental	0	0	0	1,873,114	1,873,114
Interfund	1,102,845	0	0	8,649	1,111,494
Total Assets	15,904,687	2,852,639	33,465,373	3,829,787	56,052,486
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	78,256	0	0	34,306	112,562
Accrued Wages and Benefits	1,786,598	0	0	369,737	2,156,335
Compensated Absences	232,102	0	0	5,694	237,796
Interfund Payable	0	0	0	1,086,494	1,086,494
Deferred Revenue	10,270,712	2,271,188	0	2,583,545	15,125,445
Contracts Payable	0	0	442,349	0	442,349
General Obligation Notes Payable	0	0	590,000	0	590,000
Total Liabilities	12,367,668	2,271,188	1,032,349	4,079,776	19,750,981
Fund Balances:					
Reserved for Encumbrances	171,845	0	0	168,139	339,984
Reserved for Property Tax Advances	757,372	179,641	0	52,423	989,436
Reserved for Set-Aside	81,076	0	0	0	81,076
Unreserved, Undesignated, Reported in:					
General Fund	2,526,726	0	0	0	2,526,726
Special Revenue Funds	0	0	0	(1,332,398)	(1,332,398)
Debt Service Funds	0	401,810	0	0	401,810
Capital Projects Funds	0	0	32,433,024	861,847	33,294,871
Total Fund Balances	3,537,019	581,451	32,433,024	(249,989)	36,301,505
Total Liabilities and Fund Balances	\$15,904,687	\$2,852,639	\$33,465,373	\$3,829,787	\$56,052,486

See accompanying notes.

Trotwood-Madison City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2003

Total Governmental Fund Balance	\$36,301,505
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.	7,576,875
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	3,927,199
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(193,232)
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(150,694)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(580,345)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(35,839,825)</u>
Net Assets of Governmental Activities	<u>\$11,041,483</u>

See accompanying notes.

Trotwood-Madison City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Permanent Improvement Renewal	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$9,141,222	\$1,194,034	\$0	\$648,109	\$10,983,365
Tuition and Fees	349,333	0	0	0	349,333
Investment Earnings	103,725	112,170	636,679	13,608	866,182
Intergovernmental	17,393,312	133,225	0	3,215,245	20,741,782
Extracurricular Activities	0	0	0	122,263	122,263
Other Revenues	545,282	0	0	32,195	577,477
Total Revenues	27,532,874	1,439,429	636,679	4,031,420	33,640,402
Expenditures:					
Current:					
Instruction:					
Regular	9,817,985	0	0	1,325,517	11,143,502
Special	5,602,904	0	0	1,242,129	6,845,033
Vocational	73,277	0	0	0	73,277
Other	4,299	0	0	42,485	46,784
Support Services:					
Pupil	1,055,997	0	0	457,545	1,513,542
Instructional Staff	1,599,555	0	0	453,467	2,053,022
General Administration	115,555	0	0	0	115,555
School Administration	2,217,185	0	0	316,090	2,533,275
Fiscal	671,195	0	0	13,334	684,529
Business	220,727	0	0	3,018	223,745
Operations and Maintenance	2,250,885	0	0	0	2,250,885
Pupil Transportation	1,318,703	0	0	2,096	1,320,799
Central	781,629	0	0	260,565	1,042,194
Community Services	0	0	0	154,267	154,267
Extracurricular Activities	210,882	0	0	502,475	713,357
Capital Outlay	0	0	2,570,080	0	2,570,080
Debt Service:					
Principal Retirement	156,500	0	0	215,000	371,500
Interest and Fiscal Charges	52,234	857,978	0	31,615	941,827
Total Expenditures	26,149,512	857,978	2,570,080	5,019,603	34,597,173
Excess of Revenues Over (Under) Expenditures	1,383,362	581,451	(1,933,401)	(988,183)	(956,771)
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital-Related Debt	0	35,000,000	0	0	35,000,000
Transfers In	0	0	35,180,000	5,398	35,185,398
Transfers (Out)	(542,652)	(35,000,000)	0	(191,634)	(35,734,286)
Total Other Financing Sources (Uses)	(542,652)	0	35,180,000	(186,236)	34,451,112
Net Change in Fund Balance	840,710	581,451	33,246,599	(1,174,419)	33,494,341
Fund Balance Beginning of Year	2,696,309	0	(813,575)	924,430	2,807,164
Fund Balance End of Year	\$3,537,019	\$581,451	\$32,433,024	(\$249,989)	\$36,301,505

See accompanying notes.

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, 2003

Net Change in Fund Balance - Total Governmental Funds	\$33,494,341
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,189,107
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,346,901
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	371,500
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.	(143,632)
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	810,100
The internal service fund used by management to charge the costs of insurance 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.	(118,884)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	<u>(35,000,000)</u>
Change in Net Assets of Governmental Activities	<u>\$4,949,433</u>

See accompanying notes.

Trotwood-Madison City School District
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activity Enterprise Funds	Governmental Activities- Internal Service Fund
Assets:		
Equity in Pooled Cash and Investments	\$47,668	\$197,839
Receivables:		
Accounts	2,505	0
Intergovernmental	15,814	0
Inventory	29,514	0
Total Current Assets	95,501	197,839
Depreciable Capital Assets, Net	68,289	0
Total Assets	163,790	197,839
Liabilities:		
Current Liabilities:		
Accrued Wages and Benefits	28,450	0
Compensated Absences	4,149	0
Claims Payable	0	391,071
Interfund Payable	25,000	0
Total Current Liabilities	57,599	391,071
Long-Term Liabilities:		
Compensated Absences	6,562	0
Total Liabilities	64,161	391,071
Net Assets:		
Invested in Capital Assets, Net of Related Debt	68,289	0
Unrestricted	31,340	(193,232)
Total Net Assets	\$99,629	(\$193,232)

See accompanying notes.

Trotwood-Madison City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds	Governmental Activities- Internal Service Fund
Operating Revenues:		
Sales	\$449,870	\$0
Charges for Services	43,203	2,094,839
Total Operating Revenues	493,073	2,094,839
Operating Expenses:		
Personal Services	668,698	0
Contactual Services	875	19,264
Materials and Supplies	771,218	0
Depreciation	5,812	0
Claims Expense	0	2,745,240
Other Expenses	2,390	0
Total Operating Expenses	1,448,993	2,764,504
Operating Income (Loss)	(955,920)	(669,665)
Non-Operating Revenues (Expenses):		
Investment Earnings	4,151	1,894
Donated Commodities	45,046	0
Operating Grants	877,115	0
Total Non-Operating Revenues (Expenses)	926,312	1,894
Income (Loss) Before Contributions & Transfers	(29,608)	(667,771)
Transfers In	0	548,887
Change in Net Assets	(29,608)	(118,884)
Net Assets Beginning of Year	129,237	(74,348)
Net Assets End of Year	\$99,629	(\$193,232)

See accompanying notes.

Trotwood-Madison City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds	Governmental Activities- Internal Service Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$490,933	\$2,094,839
Cash Payments to Employees	(783,068)	0
Cash Payments to Suppliers	(748,021)	(19,264)
Cash Payments for Claims	0	(2,547,486)
Other Cash Payments	(2,390)	0
Net Cash Provided (Used) by Operating Activities	(1,042,546)	(471,911)
Cash Flows from Noncapital Financing Activities:		
Operating Grants Received	960,793	0
Payments from Other Funds	25,000	548,887
Net Cash Provided (Used) by Noncapital Financing Activities	985,793	548,887
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(3,949)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,949)	0
Cash Flows from Investing Activities:		
Earnings on Investments	4,151	1,894
Net Cash Provided (Used) by Cash Flows from Investing Activities	4,151	1,894
Net Increase (Decrease) in Cash and Cash Equivalents	(56,551)	78,870
Cash and Cash Equivalents Beginning of Year	104,219	118,969
Cash and Cash Equivalents End of Year	47,668	197,839
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(955,920)	(669,665)
Adjustments:		
Depreciation	5,812	0
Donated Commodities	45,046	0
Changes in Assets & Liabilities:		
(Increase) Decrease in Receivables	(2,140)	0
(Increase) Decrease in Inventory	15,322	0
Increase (Decrease) in Payables	(36,296)	197,754
Increase (Decrease) in Accrued Liabilities	(114,370)	0
Net Cash Provided (Used) by Operating Activities	(\$1,042,546)	(\$471,911)

Schedule of Noncash Capital Activities:

During the fiscal year, the Food Service Fund
received contributed food commodities valued at \$45,046

Trotwood-Madison City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	<u>\$80,712</u>	<u>\$17,505</u>
Total Assets	<u>80,712</u>	<u>\$17,505</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>17,505</u>
Total Liabilities	<u>0</u>	<u>\$17,505</u>
Net Assets:		
Held in Trust for Scholarships	<u>80,712</u>	
Total Net Assets	<u>\$80,712</u>	

See accompanying notes.

Trotwood-Madison City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2003

	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$1,512
Other	<u>471</u>
Total Additions	<u>1,983</u>
Deductions:	
Scholarships	<u>5,450</u>
Total Deductions	<u>5,450</u>
Change in Net Assets	(3,467)
Net Assets Beginning of Year	<u>84,179</u>
Net Assets End of Year	<u><u>\$80,712</u></u>

See accompanying notes.

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2003**

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, 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 and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and 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 between direct expenses and program revenues for each segment of the business-type activities of the District and 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 business segment or 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 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.

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.

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District's enterprise funds are:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Uniform School Supply – This fund accounts for the purchase and sale of school supplies as adopted by the Board of Education for use in the schools of the District.

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, 2003, but which were levied to finance fiscal year 2004 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 2003. 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, 2003. 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 during fiscal year 2003 amounted to \$870,334. For purposes of the statement of cash flows, the enterprise funds' portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

INVENTORY

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

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

Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

CAPITAL ASSETS

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

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>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-40 years	N/A
Machinery and Equipment	5-20 years	5-20 years
Vehicles	5-10 years	N/A

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 entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

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

Sick Leave

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 proprietary funds. For the District, these revenues are sales for food service, adult education and community school. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

INTERFUND ACTIVITY

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

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, 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.

CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002.

RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement Renewal</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$2,687,531	\$0	(\$813,575)	\$924,430	\$2,798,386
Fund Reclassification	<u>8,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,778</u>
Adjusted Fund Balances, June 30, 2002	\$2,696,309	\$0	(\$813,575)	\$924,430	\$2,807,164
GASB 34 Adjustments:					
Capital Assets					\$5,387,768
Accrued Interest Payable					(7,062)
Compensated Absences Payable					(1,187,292)
Deferred Revenue					580,298
Accrued Wages and Benefits					(203,153)
Long Term Liabilities					(1,211,325)
Internal Service, Net Assets					<u>(74,348)</u>
Governmental Activities Net Assets, June 30, 2002					<u>\$6,092,050</u>

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.

Deposits – At the year end, the carrying amount of the District's deposits was \$3,394,039. The bank balance of deposits was \$4,671,089 of which \$468,693 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	\$31,032,378	\$31,032,378
Money Market*	0	0	0	2,319,265
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,170,426</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$31,032,378</u>	<u>\$35,522,069</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 2003 were levied in April on the assessed values as of January 1, 2002, 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 2003, 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 2003, 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, 2003. 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, 2003 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, 2003, was \$757,372 for General Fund, \$179,641 for Debt Service and \$52,423 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 2003 operations. The amount available for advance at June 30, 2002 was \$632,457 for General Fund and \$49,480 for Capital Projects, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 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 2003 taxes were collected are:

	<u>2002 Second Half Collections</u>	<u>2003 First Half Collections</u>
Agricultural/Residential and Other Real Estate	\$155,858,420	\$182,251,830
Public Utility Personal	10,706,700	10,646,480
Tangible Personal Property	22,837,365	20,422,178
Commercial/Industrial	<u>65,103,010</u>	<u>68,946,550</u>
Total	<u>\$254,505,495</u>	<u>\$282,267,038</u>
Tax Rate (Full) per \$1,000 of assessed valuation	\$52.91	\$60.85
Residential/Agricultural	69.56	80.28
Commercial/Industrial	80.07	87.28

6. RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants, interest and interfund. 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, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
Land	\$1,156,779	\$0	\$0	\$1,156,779
Buildings and Improvements	13,177,107	0	0	13,177,107
Equipment	7,076,573	720,563	47,466	7,749,670
Construction in Progress	<u>0</u>	<u>2,127,730</u>	<u>0</u>	<u>2,127,730</u>
Totals at Historical Cost	<u>\$21,410,459</u>	<u>\$2,848,293</u>	<u>\$47,466</u>	<u>\$24,211,286</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$11,297,023	\$194,537	\$0	\$11,491,560
Equipment	<u>4,725,668</u>	<u>464,649</u>	<u>47,466</u>	<u>5,142,851</u>
Total Accumulated Depreciation	<u>\$16,022,691</u>	<u>\$659,186</u>	<u>\$47,466</u>	<u>\$16,634,411</u>
Governmental Activities Capital Assets, Net	<u>\$5,387,768</u>	<u>\$2,189,107</u>	<u>\$ 0</u>	<u>\$7,576,875</u>
Business-Type Activities				
Equipment	<u>\$486,470</u>	<u>\$3,949</u>	<u>\$ 0</u>	<u>\$490,419</u>
Total at Historical Cost	<u>\$486,470</u>	<u>\$3,949</u>	<u>\$ 0</u>	<u>\$490,419</u>
Less Accumulated Depreciation:				
Equipment	<u>\$416,318</u>	<u>\$5,812</u>	<u>\$ 0</u>	<u>\$422,130</u>
Total Accumulated Depreciation	<u>\$416,318</u>	<u>\$5,812</u>	<u>\$ 0</u>	<u>\$422,130</u>
Business-Type Activities Capital Assets, Net	<u>\$70,152</u>	<u>(\$1,863)</u>	<u>\$ 0</u>	<u>\$68,289</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$501,346
Special	7,231
Other	10,893
Support Services:	
Instructional Staff	5,004
General Administration	2,527
School Administration	9,610
Fiscal	228
Business	1,798
Operations and Maintenance	4,264
Pupil Transportation	39,811
Central	68,633
Extracurricular Activities	<u>7,841</u>
Total Depreciation Expense	<u>\$659,186</u>

8. CAPITALIZED LEASES

The District has entered into lease agreements for copiers and computers. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

The following is a schedule of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2003:

2004	\$130,000
Less: amounts representing interest	<u>(18,550)</u>
Present Value of Future Minimum Lease Payments	<u>\$111,450</u>

9. NOTES PAYABLE

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>
2001 Tax anticipation Notes Payable	4.60%	3/1/01	12/1/05	\$770,000	\$0	\$180,000	\$590,000

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>
School Bus Acquisition Notes Payable	3.80%	7/31/01	7/31/02	\$294,000	\$0	\$294,000	\$0
2002 School Improvement Notes Payable	2.49%	2/13/03	2/13/03	35,000,000	0	35,000,000	0

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>								
1993 Energy Conservation Notes Payable	5.00%	9/15/93	12/01/02	\$55,000	\$0	\$55,000	\$0	\$0
1996 Energy Conservation Notes Payable	5.63%	7/1/96	7/1/06	189,875	0	46,500	143,375	46,500
1999 Energy Conservation Notes Payable	5.20%	7/1/99	6/1/09	455,000	0	55,000	400,000	60,000
1999 School Bus Notes Payable	5.15%	6/1/99	4/15/05	270,000	0	85,000	185,000	85,000
School Improvement	4.97%	11/21/02	12/1/30	<u>0</u>	<u>35,000,000</u>	<u>0</u>	<u>35,000,000</u>	<u>620,000</u>
Total Notes Payable				969,875	35,000,000	241,500	35,728,375	811,500
Capital Lease				241,450	0	130,000	111,450	111,450
Compensated Absences				<u>1,187,292</u>	<u>0</u>	<u>542,590</u>	<u>644,702</u>	<u>268,221</u>
Total Governmental Activities Long-Term Liabilities				<u>\$2,398,617</u>	<u>\$35,000,000</u>	<u>\$914,090</u>	<u>\$36,484,527</u>	<u>\$1,191,171</u>
<u>Business-Type Activities</u>								
Compensated Absences				<u>\$50,456</u>	<u>\$0</u>	<u>\$39,745</u>	<u>\$10,711</u>	<u>\$4,149</u>

Tax anticipation notes and other notes 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.

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

<u>Fiscal Year</u>	<u>Notes Payable</u>			
	<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004		\$811,500	\$1,654,551	\$2,466,051
2005		906,500	1,638,150	2,544,650
2006		846,500	1,608,613	2,455,113
2007		353,875	1,602,947	1,956,822
2008		435,000	1,585,234	2,020,234
2009-2013		2,315,000	8,241,780	10,556,780
2014-2018		3,285,000	8,517,156	11,802,156
2019-2023		7,065,000	5,917,315	12,982,315
2024-2028		10,835,000	3,670,875	14,505,875
2029-2031		<u>8,875,000</u>	<u>681,625</u>	<u>9,556,625</u>
Totals		<u>\$35,728,375</u>	<u>\$35,118,246</u>	<u>\$70,846,621</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 9% 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, 2003, 2002, and 2001 were \$718,956, \$680,736, and \$652,848 respectively; 47.8% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

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, 2003, plan members were required to contribute 9.3% 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, 2003, 2002, and 2001 were \$1,894,560, \$1,991,948, and \$1,948,476 respectively; 83.0% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

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 1.0% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$608,696 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

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 2002, the minimum pay has been established at \$12,400. 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, 2002, net health care costs paid by SERS were \$182,946,777.

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, 2003.

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 \$391,071 reported in the fund at June 30, 2003, 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 2001, 2002, and 2003 were as follows:

	Balance at <u>July 1</u>	Current Year <u>Claims</u>	Claim <u>Payments</u>	Balance at <u>June 30</u>
2000/2001	\$17,882	\$1,711,887	\$1,452,308	\$277,461
2001/2002	277,461	2,441,570	2,525,714	193,317
2002/2003	193,317	2,745,240	2,547,486	391,071

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, 2003, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
High School	<u>\$4,835,851</u>

17. COMPLIANCE AND ACCOUNTABILITY

A. The following funds had appropriations (Board Approved) that exceeded the Official Certificate of Estimated Resources:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Appropriations Exceeding Estimated Resources</u>
Special Revenue Funds:			
Local Grants	\$40,000	\$34,871	\$5,129
District Managed Activities	130,000	126,239	3,761
Entry Year Programs	60,000	34,040	25,960
SchoolNet Prof. Develop.	4,450	940	3,510
Ohio Reads	68,000	10,961	57,039
Alternative School	25,411	15,808	9,603
Eisenhower Grant	280,000	42,503	237,497
Title VI-B	415,550	217,294	198,256
Title I	1,227,000	1,216,037	10,963
Chapter II Fund	30,000	29,646	354
Preschool Handicapped	7,000	6,105	895
E-Rate	37,000	34,587	2,413
Debt Service Fund	35,583,000	0	35,583,000
Capital Projects Funds:			
Building Fund	45,000,000	35,000,000	10,000,000
Classroom Facilities	46,000	45,917	83
IVDL	8,700	0	8,700

Enterprise Fund:			
Food Service	1,400,000	1,294,097	105,903
Internal Service Fund	2,200,000	265,489	1,934,511
Trust Funds:			
Special Trust	25,000	21,924	3,076
Endowment	70,000	68,056	1,944

B. The following funds were noted to have expenditures and encumbrances exceed appropriations and carryover encumbrances (the fund level is the legal level of control at the District):

<u>Fund</u>	<u>Appropriations Plus Prior Year Encumbrances</u>	<u>Expenditures Plus Encumbrances</u>	<u>Expenditures Exceeding Appropriations</u>
General Fund	\$29,786,413	\$32,135,696	\$2,349,283
Special Revenue Funds:			
Other Grant	40,000	410,939	370,939
Auxiliary Services	42,231	228,536	186,305
Career Development	4,020	4,254	234
Teacher Development	0	3,270	3,270
DPIA	0	1,868,068	1,868,068
SchoolNet Prof. Devel.	4,450	7,388	2,938
Summer Intervention	8,733	21,718	12,985
Alternative School	25,627	38,535	12,908
Extended Learning Opp.	102	24,848	24,746
Title VI-B	425,872	555,985	130,113
Title I	1,277,904	1,310,487	32,583
Drug Free Schools	32,704	58,904	26,200
Preschool Handicapped	7,000	9,046	2,046
Goals 2000	580	16,638	16,058
Title VI-R	419	81,217	80,798
Other Federal Grants	2,271	58,879	56,608
Debt Service Fund	35,583,000	36,468,493	885,493
Capital Projects Fund:			
SchoolNet	126,560	127,927	1,367
Enterprise Fund:			
Food Service	1,477,027	1,511,893	34,866
Internal Service Fund	2,200,000	2,566,750	366,750

C. As of June 30, 2003 the following Special Revenue Funds had significant deficit fund balances:

Alternative School	\$15,345
Title VI-B	287,591
Title I	641,563
Title VI	11,934
Drug Free Schools	14,657
Handicapped Preschool	7,782
Title VI-R	9,617
Other Federal Grants	7,637

The fund deficits at June 30, 2003 of \$222,217 in the Disadvantaged Pupil Impact Act Fund, \$15,345 in the Twilight Schools Fund, \$296,026 in the Title VI-B Fund, \$781,081 in the Title I Fund, \$11,095 in the Title V Fund, \$27,000 in the Drug-Free Schools Fund, \$7,782 in the EHA Pre-School Fund, \$54,149 in the Title VI-R Fund, \$7,692 in the Goals 2000 Fund (special revenue funds), \$18,085 in the Classroom Facilities ADA Fund (capital projects fund), \$193,232 in the Employees Benefits Fund (internal service fund) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Not all of the above deficit balances exist under the budgetary/cash basis of accounting. The General Fund provides operating transfers when cash is required, not when the accruals occur.

D. The District Treasurer failed to properly encumber funds for 15% of the disbursements examined for fiscal year 2003.

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, 2002	(\$284,013)	(\$508,128)	\$81,076
Current Year Set-aside Requirement	525,179	525,179	0
Qualified Disbursements	(898,677)	(17,051)	0
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$81,076</u>
Restricted Cash as of June 30, 2003			<u>\$81,076</u>
Carry Forward to FY 2004	<u>(\$657,511)</u>		

The District had qualifying disbursements for textbooks of \$898,677 that exceeded the required set-aside, resulting in a carry forward balance of \$657,511 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, 2003, consisted of the following individual fund receivables and payables:

	Interfund Loan <u>Receivable</u>	Interfund Loan <u>Payable</u>
General Fund	\$1,102,845	
Special Revenue Fund:		
Other Grants		\$1,699
Twilight Schools		15,345
Title VIB/Preschool		287,594
Title I		641,565
Title V	30	11,935
Drug Free Schools		14,657
EHA Preschool Grant		7,782
Title VI-R		52,364
Goals 2000		7,636
Capital Projects Fund:		
Classroom Facilities ADA		45,917
SchoolNet Plus	8,619	
Enterprise Fund:		
Food Service		<u>25,000</u>
	<u>\$1,111,494</u>	<u>\$1,111,494</u>

On The Statement of Net Assets, the Governmental Activities reported an internal balance at June 30, 2003 of \$25,000 which is offset by the Business-Type Activities by the same amount.

20. SUBSEQUENT EVENTS

A. Lease – Purchase Agreement

The District has entered into a Lease-Purchase Agreement with the Columbus Regional Airport Authority. The lease purchase agreement is in the amount of \$10,000,000 to provide funds for the District to acquire, construct, equip and install equipment for the District’s new athletic complex which is currently under construction at the new high school.

The funds are maintained for Trotwood by Ohio Association of School Board Officials (OASBO). As the District requires funds for the purposes noted above, they can be drawn down from their account at OASBO.

B. Contractual Commitments

The District is currently constructing a new high school. The District entered into several contracts for this project. (Some of which were signed prior to June 30, 2003. These can be found in Note 16.) Contracts signed after June 30, 2003 totaling \$29,236,532 are:

Early Site Work	\$1,238,700
Temporary Electric	14,825
General Trades	6,217,800
Landscaping	247,000
Ashphalt Paving	590,139
Masonry	4,988,700
Steel	2,541,000
Metal Framing	997,448
Storefront	427,447
Painting	259,152
Flooring	750,211
Wood Flooring	146,745
Science Casework	807,000
Seating	94,200
Food Service Equipment	390,600
HVAC	3,310,500
Plumbing	1,189,000
Fire Protection	245,000
Electrical	2,884,500
Pool Specialies	998,000
Electrical Specialties	654,000
Technology	<u>244,565</u>
Total	<u>\$29,236,532</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, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,310,627	\$7,310,627	\$7,857,937	\$547,310
Tuition and Fees	325,002	325,002	349,333	24,331
Interest	96,500	96,500	103,725	7,225
Intergovernmental	16,181,858	16,181,858	17,393,312	1,211,454
Other Revenues	91,262	91,262	98,094	6,832
Total Revenues	24,005,249	24,005,249	25,802,401	1,797,152
Expenditures:				
Current:				
Instruction:				
Regular	8,645,898	8,645,898	9,590,347	(944,449)
Special	5,091,423	5,091,423	5,647,593	(556,170)
Vocational	76,154	76,154	84,473	(8,319)
Other	3,876	3,876	4,299	(423)
Support Services:				
Pupil	977,662	977,662	1,084,459	(106,797)
Instructional Staff	1,573,790	1,573,790	1,745,705	(171,915)
General Administration	107,556	107,556	119,305	(11,749)
School Administration	2,175,481	2,175,481	2,413,123	(237,642)
Fiscal	606,621	606,621	672,886	(66,265)
Business	205,058	205,058	227,458	(22,400)
Operations and Maintenance	2,143,052	2,143,052	2,377,152	(234,100)
Pupil Transportation	1,256,234	1,256,234	1,393,461	(137,227)
Central	746,777	746,777	828,352	(81,575)
Extracurricular Activities	216,170	216,170	239,784	(23,614)
Debt Service:				
Principal Retirement	450,500	450,500	450,500	0
Interest and Fiscal Charges	10,665	10,665	61,041	(50,376)
Total Expenditures	24,286,917	24,286,917	26,939,938	(2,653,021)
Excess of Revenues Over (Under) Expenditures	(281,668)	(281,668)	(1,137,537)	(855,869)
Other financing sources (uses):				
Proceeds from Sale of Fixed Assets	146	146	157	11
Advances In	76,038	76,038	81,731	5,693
Advances (Out)	(24,070)	(24,070)	(26,699)	(2,629)
Refund of Prior Year Expenditure	182,670	182,670	196,346	13,676
Transfers In	4,304,176	4,304,176	4,626,408	322,232
Transfers (Out)	(4,660,015)	(4,660,015)	(5,169,059)	(509,044)
Total Other Financing Sources (Uses)	(121,055)	(121,055)	(291,116)	(170,061)
Net Change in Fund Balance	(402,723)	(402,723)	(1,428,653)	(1,025,930)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,650,045	4,650,045	4,650,045	0
Fund Balance End of Year	\$4,247,322	\$4,247,322	\$3,221,392	(\$1,025,930)

TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2003

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 2003.

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	\$840,710
Net Adjustment for Revenue Accruals	3,174,169
Net Adjustment for Expenditure Accruals	(5,252,385)
Encumbrances	<u>(191,147)</u>
Budget Basis	<u>(\$1,428,653)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$264,344	\$920,446	\$1,184,790
Receivables:			
Taxes	0	762,854	762,854
Accounts	380	0	380
Intergovernmental	1,873,114	0	1,873,114
Interfund	30	8,619	8,649
Total Assets	2,137,868	1,691,919	3,829,787
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	29,613	4,693	34,306
Accrued Wages and Benefits	369,737	0	369,737
Compensated Absences	5,694	0	5,694
Interfund Payable	1,040,577	45,917	1,086,494
Deferred Revenue	1,873,114	710,431	2,583,545
Total Liabilities	3,318,735	761,041	4,079,776
Fund Balances:			
Reserved for Encumbrances	151,531	16,608	168,139
Reserved for Property Tax Advances	0	52,423	52,423
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	(1,332,398)	0	(1,332,398)
Capital Projects Funds	0	861,847	861,847
Total Fund Balances	(1,180,867)	930,878	(249,989)
Total Liabilities and Fund Balances	\$2,137,868	\$1,691,919	\$3,829,787

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, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$648,109	\$648,109
Investment Earnings	1,805	11,803	13,608
Intergovernmental	3,131,192	84,053	3,215,245
Extracurricular Activities	122,263	0	122,263
Other Revenues	32,195	0	32,195
Total Revenues	3,287,455	743,965	4,031,420
Expenditures:			
Current:			
Instruction:			
Regular	1,325,517	0	1,325,517
Special	1,242,129	0	1,242,129
Other	42,485	0	42,485
Support Services:			
Pupil	457,545	0	457,545
Instructional Staff	453,467	0	453,467
School Administration	309,073	7,017	316,090
Fiscal	0	13,334	13,334
Business	3,018	0	3,018
Pupil Transportation	2,096	0	2,096
Central	32,210	228,355	260,565
Community Services	154,267	0	154,267
Extracurricular Activities	484,390	18,085	502,475
Debt Service:			
Principal Retirement	0	215,000	215,000
Interest and Fiscal Charges	0	31,615	31,615
Total Expenditures	4,506,197	513,406	5,019,603
Excess of Revenues Over (Under) Expenditures	(1,218,742)	230,559	(988,183)
Other Financing Sources (Uses):			
Transfers In	5,398	0	5,398
Transfers (Out)	(9,646)	(181,988)	(191,634)
Total Other Financing Sources (Uses)	(4,248)	(181,988)	(186,236)
Net Change in Fund Balance	(1,222,990)	48,571	(1,174,419)
Fund Balance Beginning of Year	42,123	882,307	924,430
Fund Balance End of Year	(\$1,180,867)	\$930,878	(\$249,989)

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Public School Support	Other Grants	Capital Venture Grant	Extracurricular Activity	Auxiliary Services
Assets:					
Equity in Pooled Cash and Investments	\$31,233	\$20,978	\$0	\$27,156	\$42,231
Receivables:					
Accounts	380	0	0	0	0
Intergovernmental	0	5,679	0	0	0
Interfund	0	0	0	0	0
Total Assets	31,613	26,657	0	27,156	42,231
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	195	1,262	0	550	0
Accrued Wages and Benefits	0	0	0	0	6,104
Compensated Absences	0	0	0	0	0
Interfund Payable	0	1,699	0	0	0
Deferred Revenue	0	5,679	0	0	0
Total Liabilities	195	8,640	0	550	6,104
Fund Balances:					
Reserved for Encumbrances	4,263	1,072	0	1,560	39,541
Unreserved, Undesignated, Reported in: Special Revenue Funds	27,155	16,945	0	25,046	(3,414)
Total Fund Balances	31,418	18,017	0	26,606	36,127
Total Liabilities and Fund Balances	\$31,613	\$26,657	\$0	\$27,156	\$42,231

Career Development	Professional Development	Management Information	Entry Year Programs	Disadvantaged Pupil Impact Act	SchoolNet Professional Development	Technology Equity	Textbooks
\$520	\$0	\$43,201	\$0	\$0	\$1,601	\$0	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
520	0	43,201	0	0	1,601	0	0
266	0	7,021	0	0	0	0	0
0	0	0	0	222,217	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
266	0	7,021	0	222,217	0	0	0
254	0	5,275	0	0	0	0	0
0	0	30,905	0	(222,217)	1,601	0	0
254	0	36,180	0	(222,217)	1,601	0	0
\$520	\$0	\$43,201	\$0	\$0	\$1,601	\$0	\$0

(continued)

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Ohio Reads	Summer School Subsidy	Twilight Schools	Extended Learning Opportunity	Reading Improvement Grant
Assets:					
Equity in Pooled Cash and Investments	\$43,736	\$30,915	\$0	\$0	\$1,916
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	12,615	0	15,345	0	0
Interfund	0	0	0	0	0
Total Assets	56,351	30,915	15,345	0	1,916
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	5,297	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	15,345	0	0
Deferred Revenue	12,615	0	15,345	0	0
Total Liabilities	17,912	0	30,690	0	0
Fund Balances:					
Reserved for Encumbrances	3,328	0	0	0	420
Unreserved, Undesignated, Reported in: Special Revenue Funds	35,111	30,915	(15,345)	0	1,496
Total Fund Balances	38,439	30,915	(15,345)	0	1,916
Total Liabilities and Fund Balances	\$56,351	\$30,915	\$15,345	\$0	\$1,916

Eisenhower Grant	Title VIB / Preschool	Title I	Title V	Drug-Free Schools	EHA Pre-School Grant	E-Rate	Continuous Improvement
\$0	\$0	\$0	\$0	\$0	\$0	\$20,528	\$329
0	0	0	0	0	0	0	0
0	340,751	1,160,417	33,455	29,643	5,727	0	0
0	0	0	30	0	0	0	0
0	340,751	1,160,417	33,485	29,643	5,727	20,528	329
0	0	13,181	0	0	0	0	0
0	5,964	123,711	0	11,741	0	0	0
0	2,468	2,624	0	602	0	0	0
0	287,594	641,565	11,935	14,657	7,782	0	0
0	340,751	1,160,417	33,455	29,643	5,727	0	0
0	636,777	1,941,498	45,390	56,643	13,509	0	0
0	8,290	62,775	8,763	0	0	0	0
0	(304,316)	(843,856)	(20,668)	(27,000)	(7,782)	20,528	329
0	(296,026)	(781,081)	(11,905)	(27,000)	(7,782)	20,528	329
\$0	\$340,751	\$1,160,417	\$33,485	\$29,643	\$5,727	\$20,528	\$329

(continued)

Trotwood-Madison City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Title VI-R	Goals 2000	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$0	\$0	\$264,344
Receivables:			
Accounts	0	0	380
Intergovernmental	234,243	35,239	1,873,114
Interfund	0	0	30
Total Assets	234,243	35,239	2,137,868
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	1,785	56	29,613
Accrued Wages and Benefits	0	0	369,737
Compensated Absences	0	0	5,694
Interfund Payable	52,364	7,636	1,040,577
Deferred Revenue	234,243	35,239	1,873,114
Total Liabilities	288,392	42,931	3,318,735
Fund Balances:			
Reserved for Encumbrances	8,416	7,574	151,531
Unreserved, Undesignated, Reported in: Special Revenue Funds	(62,565)	(15,266)	(1,332,398)
Total Fund Balances	(54,149)	(7,692)	(1,180,867)
Total Liabilities and Fund Balances	\$234,243	\$35,239	\$2,137,868

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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, 2003

	Public School Support	Other Grants	Capital Venture Grant	Extracurricular Activity	Auxiliary Services
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$1,805
Intergovernmental	0	377,793	0	0	156,483
Extracurricular Activities	27,456	0	0	94,807	0
Other Revenues	4,945	24,250	0	3,000	0
Total Revenues	32,401	402,043	0	97,807	158,288
Expenditures:					
Current:					
Instruction:					
Regular	0	16,581	0	0	29,438
Special	0	0	0	0	(4,676)
Other	0	0	0	0	0
Support Services:					
Pupil	0	10,859	0	0	(14,244)
Instructional Staff	0	1,542	0	0	0
School Administration	0	0	0	13,279	(1,979)
Business	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Community Services	0	0	0	0	123,899
Extracurricular Activities	32,953	379,618	0	71,819	0
Total Expenditures	32,953	408,600	0	85,098	132,438
Excess of Revenues Over (Under) Expenditures	(552)	(6,557)	0	12,709	25,850
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	(1,267)	0	(250)	0
Total Other Financing Sources (Uses)	0	(1,267)	0	(250)	0
Net Change in Fund Balance	(552)	(7,824)	0	12,459	25,850
Fund Balance Beginning of Year	31,970	25,841	0	14,147	10,277
Fund Balance End of Year	\$31,418	\$18,017	\$0	\$26,606	\$36,127

Career Development	Professional Development	Management Information	Entry Year Programs	Disadvantaged Pupil Impact Act	SchoolNet Professional Development	Technology Equity	Textbooks
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3,891	0	13,760	0	1,868,068	4,600	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
3,891	0	13,760	0	1,868,068	4,600	0	0
0	0	0	2,720	1,058,698	0	0	0
0	0	0	0	241,764	0	0	0
0	0	0	0	0	0	0	0
3,637	0	0	0	146,180	0	0	0
0	3,268	0	31,320	328,861	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	10,764	0	0	7,388	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
3,637	3,268	10,764	34,040	1,775,503	7,388	0	0
254	(3,268)	2,996	(34,040)	92,565	(2,788)	0	0
0	0	0	0	0	0	0	0
(363)	0	(61)	0	0	0	0	0
(363)	0	(61)	0	0	0	0	0
(109)	(3,268)	2,935	(34,040)	92,565	(2,788)	0	0
363	3,268	33,245	34,040	(314,782)	4,389	0	0
\$254	\$0	\$36,180	\$0	(\$222,217)	\$1,601	\$0	\$0

(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, 2003

	Ohio Reads	Summer School Subsidy	Twilight Schools	Extended Learning Opportunity	Reading Improvement Grant
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	56,867	0	7,166	0	0
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	56,867	0	7,166	0	0
Expenditures:					
Current:					
Instruction:					
Regular	23,799	0	33,512	0	2,023
Special	0	0	0	0	0
Other	0	21,718	0	20,767	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	3,984	0	0	0	0
School Administration	11,660	0	0	0	0
Business	0	0	0	0	3,018
Pupil Transportation	0	0	0	2,096	0
Central	0	0	0	0	0
Community Services	0	(6,604)	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	39,443	15,114	33,512	22,863	5,041
Excess of Revenues Over (Under) Expenditures	17,424	(15,114)	(26,346)	(22,863)	(5,041)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	40
Transfers (Out)	0	0	(265)	(1,985)	(97)
Total Other Financing Sources (Uses)	0	0	(265)	(1,985)	(57)
Net Change in Fund Balance	17,424	(15,114)	(26,611)	(24,848)	(5,098)
Fund Balance Beginning of Year	21,015	46,029	11,266	24,848	7,014
Fund Balance End of Year	\$38,439	\$30,915	(\$15,345)	\$0	\$1,916

Eisenhower Grant	Title VIB / Preschool	Title I	Title V	Drug-Free Schools	EHA Pre-School Grant	E-Rate	Continuous Improvement
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	160,736	386,415	8,642	5,480	1,257	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	160,736	386,415	8,642	5,480	1,257	0	0
0	0	52,097	12,413	1,220	0	0	16,638
0	42,460	944,186	0	0	0	0	0
0	0	0	0	0	0	0	0
6,650	231,736	4,611	1,995	57,075	9,046	0	0
9,599	0	74,893	0	0	0	0	0
0	151,779	134,334	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	14,058	0
0	36,972	0	0	0	0	0	0
0	0	0	0	0	0	0	0
16,249	462,947	1,210,121	14,408	58,295	9,046	14,058	16,638
(16,249)	(302,211)	(823,706)	(5,766)	(52,815)	(7,789)	(14,058)	(16,638)
0	0	0	0	0	0	0	0
(5,358)	0	0	0	0	0	0	0
(5,358)	0	0	0	0	0	0	0
(21,607)	(302,211)	(823,706)	(5,766)	(52,815)	(7,789)	(14,058)	(16,638)
21,607	6,185	42,625	(6,139)	25,815	7	34,586	16,967
\$0	(\$296,026)	(\$781,081)	(\$11,905)	(\$27,000)	(\$7,782)	\$20,528	\$329

(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, 2003

	Title VI-R	Goals 2000	Total Nonmajor Special Revenue Funds
Revenues:			
Investment Earnings	\$0	\$0	\$1,805
Intergovernmental	55,558	24,476	3,131,192
Extracurricular Activities	0	0	122,263
Other Revenues	0	0	32,195
Total Revenues	55,558	24,476	3,287,455
Expenditures:			
Current:			
Instruction:			
Regular	43,467	32,911	1,325,517
Special	0	18,395	1,242,129
Other	0	0	42,485
Support Services:			
Pupil	0	0	457,545
Instructional Staff	0	0	453,467
School Administration	0	0	309,073
Business	0	0	3,018
Pupil Transportation	0	0	2,096
Central	0	0	32,210
Community Services	0	0	154,267
Extracurricular Activities	0	0	484,390
Total Expenditures	43,467	51,306	4,506,197
Excess of Revenues Over (Under) Expenditures	12,091	(26,830)	(1,218,742)
Other Financing Sources (Uses):			
Transfers In	5,358	0	5,398
Transfers (Out)	0	0	(9,646)
Total Other Financing Sources (Uses)	5,358	0	(4,248)
Net Change in Fund Balance	17,449	(26,830)	(1,222,990)
Fund Balance Beginning of Year	(71,598)	19,138	42,123
Fund Balance End of Year	(\$54,149)	(\$7,692)	(\$1,180,867)

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003

	Permanent Improvement	Classroom Facilities ADA	SchoolNet Plus	SchoolNet Subsidy	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Investments	\$886,632	\$27,832	\$4,792	\$1,190	\$920,446
Receivables:					
Taxes	762,854	0	0	0	762,854
Interfund	0	0	8,619	0	8,619
Total Assets	1,649,486	27,832	13,411	1,190	1,691,919
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	4,693	0	4,693
Interfund Payable	0	45,917	0	0	45,917
Deferred Revenue	710,431	0	0	0	710,431
Total Liabilities	710,431	45,917	4,693	0	761,041
Fund Balances:					
Reserved for Encumbrances	16,510	0	98	0	16,608
Reserved for Property Tax Advances	52,423	0	0	0	52,423
Unreserved, Undesignated, Reported in: Capital Projects Funds	870,122	(18,085)	8,620	1,190	861,847
Total Fund Balances	939,055	(18,085)	8,718	1,190	930,878
Total Liabilities and Fund Balances	\$1,649,486	\$27,832	\$13,411	\$1,190	\$1,691,919

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, 2003

	Permanent Improvement	Classroom Facilities ADA	SchoolNet Plus	SchoolNet Subsidy	Total Nonmajor Capital Projects Funds
Revenues:					
Taxes	\$648,109	\$0	\$0	\$0	\$648,109
Investment Earnings	11,803	0	0	0	11,803
Intergovernmental	84,053	0	0	0	84,053
Total Revenues	743,965	0	0	0	743,965
Expenditures:					
Current:					
Support Services:					
School Administration	7,017	0	0	0	7,017
Fiscal	13,334	0	0	0	13,334
Central	101,635	0	119,210	7,510	228,355
Extracurricular Activities	0	18,085	0	0	18,085
Debt Service:					
Principal Retirement	215,000	0	0	0	215,000
Interest and Fiscal Charges	31,615	0	0	0	31,615
Total Expenditures	368,601	18,085	119,210	7,510	513,406
Excess of Revenues Over (Under) Expenditures	375,364	(18,085)	(119,210)	(7,510)	230,559
Other Financing Sources (Uses):					
Transfers (Out)	(181,988)	0	0	0	(181,988)
Total Other Financing Sources (Uses)	(181,988)	0	0	0	(181,988)
Net Change in Fund Balance	193,376	(18,085)	(119,210)	(7,510)	48,571
Fund Balance Beginning of Year	745,679	0	127,928	8,700	882,307
Fund Balance End of Year	\$939,055	(\$18,085)	\$8,718	\$1,190	\$930,878

Trotwood-Madison City School District
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2003

	Food Service	Uniform School Supply	Total
Assets:			
Equity in Pooled Cash and Investments	\$18,574	\$29,094	\$47,668
Receivables:			
Accounts	0	2,505	2,505
Intergovernmental	15,814	0	15,814
Inventory	29,514	0	29,514
Total Current Assets	63,902	31,599	95,501
Depreciable Capital Assets, Net	68,289	0	68,289
Total Assets	132,191	31,599	163,790
Liabilities:			
Current Liabilities:			
Accrued Wages and Benefits	28,450	0	28,450
Compensated Absences	4,149	0	4,149
Interfund Payable	25,000	0	25,000
Total Current Liabilities	57,599	0	57,599
Long-Term Liabilities:			
Compensated Absences	6,562	0	6,562
Total Liabilities	64,161	0	64,161
Net Assets:			
Invested in Capital Assets, Net of Related Debt	68,289	0	68,289
Unrestricted	(259)	31,599	31,340
Total Net Assets	\$68,030	\$31,599	\$99,629

Trotwood-Madison City School District
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supply	Total
Operating Revenues:			
Sales	\$449,870	\$0	\$449,870
Charges for Services	0	43,203	43,203
Total Operating Revenues	449,870	43,203	493,073
Operating Expenses:			
Personal Services	668,698	0	668,698
Contactual Services	875	0	875
Materials and Supplies	742,189	29,029	771,218
Depreciation	5,812	0	5,812
Other Expenses	2,390	0	2,390
Total Operating Expenses	1,419,964	29,029	1,448,993
Operating Income (Loss)	(970,094)	14,174	(955,920)
Non-Operating Revenues (Expenses):			
Investment Earnings	4,151	0	4,151
Donated Commodities	45,046	0	45,046
Operating Grants	877,115	0	877,115
Total Non-Operating Revenues (Expenses)	926,312	0	926,312
Change in Net Assets	(43,782)	14,174	(29,608)
Net Assets Beginning of Year	111,812	17,425	129,237
Net Assets End of Year	\$68,030	\$31,599	\$99,629

Trotwood-Madison City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supply	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$449,870	\$41,063	\$490,933
Cash Payments to Employees	(783,068)	0	(783,068)
Cash Payments to Suppliers	(718,992)	(29,029)	(748,021)
Other Cash Payments	(2,390)	0	(2,390)
Net Cash Provided (Used) by Operating Activities	(1,054,580)	12,034	(1,042,546)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	960,793	0	960,793
Payments from Other Funds	25,000	0	25,000
Net Cash Provided (Used) by Noncapital Financing Activities	985,793	0	985,793
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(3,949)	0	(3,949)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,949)	0	(3,949)
Cash Flows from Investing Activities:			
Earnings on Investments	4,151	0	4,151
Net Cash Provided (Used) by Cash Flows from Investing Activities	4,151	0	4,151
Net Increase (Decrease) in Cash and Cash Equivalents	(68,585)	12,034	(56,551)
Cash and Cash Equivalents Beginning of Year	87,159	17,060	104,219
Cash and Cash Equivalents End of Year	18,574	29,094	47,668
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(970,094)	14,174	(955,920)
Adjustments:			
Depreciation	5,812	0	5,812
Donated Commodities	45,046	0	45,046
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	0	(2,140)	(2,140)
(Increase) Decrease in Inventory	15,322	0	15,322
Increase (Decrease) in Payables	(36,296)	0	(36,296)
Increase (Decrease) in Accrued Liabilities	(114,370)	0	(114,370)
Net Cash Provided (Used) by Operating Activities	(\$1,054,580)	\$12,034	(\$1,042,546)

Schedule of Noncash Capital Activities:

During the fiscal year, the Food Service Fund
received contributed food commodities valued at

\$45,046

Trotwood-Madison City School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2003

	Student Activities			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$12,632	\$4,873	\$0	\$17,505
Receivables:				
Accounts	115	0	115	0
Total Assets	\$12,747	\$4,873	\$115	\$17,505
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$0
Other Liabilities	12,747	4,873	115	17,505
Total Liabilities	\$12,747	\$4,873	\$115	\$17,505

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, 2003

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$56,260	\$56,260	\$27,474	(\$28,786)
Other Revenues	9,348	9,348	4,565	(4,783)
Total Revenues	65,608	65,608	32,039	(33,569)
Expenditures:				
Current:				
Extracurricular Activities	78,343	78,343	37,216	41,127
Total Expenditures	78,343	78,343	37,216	41,127
Excess of Revenues Over (Under) Expenditures	(12,735)	(12,735)	(5,177)	7,558
Other financing sources (uses):				
Transfers In	1,612	1,612	787	(825)
Transfers (Out)	(1,657)	(1,657)	(787)	870
Total Other Financing Sources (Uses)	(45)	(45)	(0)	45
Net Change in Fund Balance	(12,780)	(12,780)	(5,177)	7,603
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	31,953	31,953	31,953	0
Fund Balance End of Year	\$19,173	\$19,173	\$26,776	\$7,603

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, 2003

	Other Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$8,992	\$8,992	\$402,043	\$393,051
Total Revenues	8,992	8,992	402,043	393,051
Expenditures:				
Current:				
Instruction:				
Regular	1,731	1,731	17,779	(16,048)
Support Services:				
Pupil	1,057	1,057	10,859	(9,802)
Instructional Staff	150	150	1,543	(1,393)
Extracurricular Activities	36,939	36,939	379,492	(342,553)
Total Expenditures	39,877	39,877	409,673	(369,796)
Excess of Revenues Over (Under) Expenditures	(30,885)	(30,885)	(7,630)	23,255
Other financing sources (uses):				
Advances In	38	38	1,699	1,661
Transfers (Out)	(123)	(123)	(1,266)	(1,143)
Total Other Financing Sources (Uses)	(85)	(85)	433	518
Net Change in Fund Balance	(30,970)	(30,970)	(7,197)	23,773
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	25,842	25,842	25,842	0
Fund Balance End of Year	(\$5,128)	(\$5,128)	\$18,645	\$23,773

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, 2003

	Capital Venture Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$50,000	\$0	(\$50,000)
Total Revenues	50,000	50,000	0	(50,000)
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Excess of Revenues Over (Under) Expenditures	50,000	50,000	0	(50,000)
Net Change in Fund Balance	50,000	50,000	0	(50,000)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$50,000	\$50,000	\$0	(\$50,000)

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, 2003

	Extracurricular Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$115,206	\$115,206	\$94,877	(\$20,329)
Other Revenues	3,643	3,643	3,000	(643)
Total Revenues	118,849	118,849	97,877	(20,972)
Expenditures:				
Current:				
Support Services:				
School Administration	19,066	19,066	12,990	6,076
Extracurricular Activities	110,567	110,567	75,331	35,236
Total Expenditures	129,633	129,633	88,321	41,312
Excess of Revenues Over (Under) Expenditures	(10,784)	(10,784)	9,556	20,340
Other financing sources (uses):				
Transfers (Out)	(367)	(367)	(250)	117
Total Other Financing Sources (Uses)	(367)	(367)	(250)	117
Net Change in Fund Balance	(11,151)	(11,151)	9,306	20,457
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,739	15,739	15,739	0
Fund Balance End of Year	\$4,588	\$4,588	\$25,045	\$20,457

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, 2003

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$0	\$0	\$1,805	\$1,805
Intergovernmental	0	0	156,483	156,483
Total Revenues	0	0	158,288	158,288
Expenditures:				
Current:				
Instruction:				
Regular	4,319	4,319	28,928	(24,609)
Special	261	261	1,746	(1,485)
Support Services:				
Pupil	265	265	1,774	(1,509)
School Administration	233	233	1,562	(1,329)
Community Services	25,038	25,038	167,707	(142,669)
Total Expenditures	30,116	30,116	201,717	(171,601)
Excess of Revenues Over (Under) Expenditures	(30,116)	(30,116)	(43,429)	(13,313)
Other financing sources (uses):				
Transfers In	0	0	26,819	26,819
Transfers (Out)	(4,004)	(4,004)	(26,819)	(22,815)
Total Other Financing Sources (Uses)	(4,004)	(4,004)	0	4,004
Net Change in Fund Balance	(34,120)	(34,120)	(43,429)	(9,309)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,116	46,116	46,116	0
Fund Balance End of Year	\$11,996	\$11,996	\$2,687	(\$9,309)

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, 2003

	Career Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,165	\$9,165	\$3,891	(\$5,274)
Total Revenues	9,165	9,165	3,891	(5,274)
Expenditures:				
Current:				
Support Services:				
Pupil	3,677	3,677	3,891	(214)
Total Expenditures	3,677	3,677	3,891	(214)
Excess of Revenues Over (Under) Expenditures	5,488	5,488	0	(5,488)
Other financing sources (uses):				
Transfers (Out)	(343)	(343)	(363)	(20)
Total Other Financing Sources (Uses)	(343)	(343)	(363)	(20)
Net Change in Fund Balance	5,145	5,145	(363)	(5,508)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	363	363	363	0
Fund Balance End of Year	\$5,508	\$5,508	\$0	(\$5,508)

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, 2003

	Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$20,326	\$20,326	\$0	(\$20,326)
Total Revenues	20,326	20,326	0	(20,326)
Expenditures:				
Current:				
Support Services:				
Instructional Staff	0	0	3,270	(3,270)
Total Expenditures	0	0	3,270	(3,270)
Excess of Revenues Over (Under) Expenditures	20,326	20,326	(3,270)	(23,596)
Net Change in Fund Balance	20,326	20,326	(3,270)	(23,596)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,270	3,270	3,270	0
Fund Balance End of Year	\$23,596	\$23,596	\$0	(\$23,596)

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, 2003

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$11,500	\$11,500	\$13,760	\$2,260
Total Revenues	11,500	11,500	13,760	2,260
Expenditures:				
Current:				
Central	17,932	17,932	16,040	1,892
Total Expenditures	17,932	17,932	16,040	1,892
Excess of Revenues Over (Under) Expenditures	(6,432)	(6,432)	(2,280)	4,152
Other financing sources (uses):				
Transfers (Out)	(68)	(68)	(61)	7
Total Other Financing Sources (Uses)	(68)	(68)	(61)	7
Net Change in Fund Balance	(6,500)	(6,500)	(2,341)	4,159
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,245	33,245	33,245	0
Fund Balance End of Year	\$26,745	\$26,745	\$30,904	\$4,159

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, 2003

	Entry Year Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	(\$18,584)	(\$18,584)
Total Revenues	0	0	(18,584)	(18,584)
Expenditures:				
Current:				
Instruction:				
Regular	10,559	10,559	2,720	7,839
Support Services:				
Instructional Staff	49,441	49,441	12,736	36,705
Total Expenditures	60,000	60,000	15,456	44,544
Excess of Revenues Over (Under) Expenditures	(60,000)	(60,000)	(34,040)	25,960
Net Change in Fund Balance	(60,000)	(60,000)	(34,040)	25,960
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,040	34,040	34,040	0
Fund Balance End of Year	(\$25,960)	(\$25,960)	\$0	\$25,960

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, 2003

	Disadvantaged Pupil Impact Act Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,661,645	\$1,661,645	\$1,868,068	\$206,423
Total Revenues	1,661,645	1,661,645	1,868,068	206,423
Expenditures:				
Current:				
Instruction:				
Regular	0	0	1,111,183	(1,111,183)
Special	0	0	241,764	(241,764)
Support Services:				
Pupil	0	0	149,003	(149,003)
Instructional Staff	0	0	366,118	(366,118)
Total Expenditures	0	0	1,868,068	(1,868,068)
Excess of Revenues Over (Under) Expenditures	1,661,645	1,661,645	0	(1,661,645)
Net Change in Fund Balance	1,661,645	1,661,645	0	(1,661,645)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$1,661,645	\$1,661,645	\$0	(\$1,661,645)

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, 2003

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$8,050	\$8,050
Total Revenues	0	0	8,050	8,050
Expenditures:				
Current:				
Support Services:				
Central	4,450	4,450	7,388	(2,938)
Total Expenditures	4,450	4,450	7,388	(2,938)
Excess of Revenues Over (Under) Expenditures	(4,450)	(4,450)	662	5,112
Net Change in Fund Balance	(4,450)	(4,450)	662	5,112
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	940	940	940	0
Fund Balance End of Year	(\$3,510)	(\$3,510)	\$1,602	\$5,112

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, 2003

	Technology Equity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$13,343	\$13,343	\$0	(\$13,343)
Total Revenues	13,343	13,343	0	(13,343)
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Excess of Revenues Over (Under) Expenditures	13,343	13,343	0	(13,343)
Net Change in Fund Balance	13,343	13,343	0	(13,343)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$13,343	\$13,343	\$0	(\$13,343)

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, 2003

	Textbooks Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$55,700	\$55,700	\$0	(\$55,700)
Total Revenues	55,700	55,700	0	(55,700)
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Excess of Revenues Over (Under) Expenditures	55,700	55,700	0	(55,700)
Net Change in Fund Balance	55,700	55,700	0	(55,700)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$55,700	\$55,700	\$0	(\$55,700)

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, 2003

	OhioReads Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$0	\$0	\$56,867	\$56,867
Total Revenues	0	0	56,867	56,867
Expenditures:				
Current:				
Instruction:				
Regular	39,988	39,988	25,152	14,836
Support Services:				
Instructional Staff	6,334	6,334	3,984	2,350
School Administration	21,678	21,678	13,635	8,043
Total Expenditures	68,000	68,000	42,771	25,229
Excess of Revenues Over (Under) Expenditures	(68,000)	(68,000)	14,096	82,096
Net Change in Fund Balance	(68,000)	(68,000)	14,096	82,096
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,014	21,014	21,014	0
Fund Balance End of Year	(\$46,986)	(\$46,986)	\$35,110	\$82,096

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, 2003

	Summer School Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Other	0	0	21,718	(21,718)
Total Expenditures	0	0	21,718	(21,718)
Excess of Revenues Over (Under) Expenditures	0	0	(21,718)	(21,718)
Net Change in Fund Balance	0	0	(21,718)	(21,718)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	52,633	52,633	52,633	0
Fund Balance End of Year	\$52,633	\$52,633	\$30,915	(\$21,718)

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, 2003

	Twilight Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$7,166	\$7,166
Total Revenues	0	0	7,166	7,166
Expenditures:				
Current:				
Instruction:				
Regular	25,236	25,236	38,270	(13,034)
Total Expenditures	25,236	25,236	38,270	(13,034)
Excess of Revenues Over (Under) Expenditures	(25,236)	(25,236)	(31,104)	(5,868)
Other financing sources (uses):				
Transfers (Out)	(175)	(175)	(265)	(90)
Total Other Financing Sources (Uses)	(175)	(175)	(265)	(90)
Net Change in Fund Balance	(25,411)	(25,411)	(31,369)	(5,958)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,024	16,024	16,024	0
Fund Balance End of Year	(\$9,387)	(\$9,387)	(\$15,345)	(\$5,958)

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, 2003

	Extended Learning Opportunity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Other	0	0	20,767	(20,767)
Support Services:				
Pupil Transportation	0	0	2,096	(2,096)
Total Expenditures	0	0	22,863	(22,863)
Excess of Revenues Over (Under) Expenditures	0	0	(22,863)	(22,863)
Other financing sources (uses):				
Transfers (Out)	0	0	(1,985)	(1,985)
Total Other Financing Sources (Uses)	0	0	(1,985)	(1,985)
Net Change in Fund Balance	0	0	(24,848)	(24,848)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,848	24,848	24,848	0
Fund Balance End of Year	\$24,848	\$24,848	\$0	(\$24,848)

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, 2003

	Reading Improvement Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$11	\$11	\$0	(\$11)
Total Revenues	11	11	0	(11)
Expenditures:				
Current:				
Instruction:				
Regular	0	4,074	4,564	(490)
Support Services:				
Business	0	2,694	3,018	(324)
Total Expenditures	0	6,768	7,582	(814)
Excess of Revenues Over (Under) Expenditures	11	(6,757)	(7,582)	(825)
Other financing sources (uses):				
Transfers In	45,989	45,989	40	(45,949)
Transfers (Out)	0	(87)	(97)	(10)
Total Other Financing Sources (Uses)	45,989	45,902	(57)	(45,959)
Net Change in Fund Balance	46,000	39,145	(7,639)	(46,784)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,136	9,136	9,136	0
Fund Balance End of Year	\$55,136	\$48,281	\$1,497	(\$46,784)

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, 2003

	Eisenhower Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$26,347	\$26,347	\$0	(\$26,347)
Total Revenues	26,347	26,347	0	(26,347)
Expenditures:				
Current:				
Support Services:				
Pupil	80,668	80,668	6,225	74,443
Instructional Staff	129,899	129,899	10,024	119,875
Total Expenditures	210,567	210,567	16,249	194,318
Excess of Revenues Over (Under) Expenditures	(184,220)	(184,220)	(16,249)	167,971
Other financing sources (uses):				
Transfers (Out)	(69,433)	(69,433)	(5,358)	64,075
Total Other Financing Sources (Uses)	(69,433)	(69,433)	(5,358)	64,075
Net Change in Fund Balance	(253,653)	(253,653)	(21,607)	232,046
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,607	21,607	21,607	0
Fund Balance End of Year	(\$232,046)	(\$232,046)	\$0	\$232,046

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, 2003

	Title VIB / Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$217,202	\$217,202	\$249,690	\$32,488
Total Revenues	217,202	217,202	249,690	32,488
Expenditures:				
Current:				
Instruction:				
Special	31,735	31,735	42,460	(10,725)
Support Services:				
Pupil	188,849	188,849	252,670	(63,821)
School Administration	118,879	118,879	159,054	(40,175)
Community Services	24,624	24,624	32,946	(8,322)
Total Expenditures	364,087	364,087	487,130	(123,043)
Excess of Revenues Over (Under) Expenditures	(146,885)	(146,885)	(237,440)	(90,555)
Other financing sources (uses):				
Advances (Out)	(51,463)	(51,463)	(68,855)	(17,392)
Total Other Financing Sources (Uses)	(51,463)	(51,463)	(68,855)	(17,392)
Net Change in Fund Balance	(198,348)	(198,348)	(306,295)	(107,947)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,414	10,414	10,414	0
Fund Balance End of Year	(\$187,934)	(\$187,934)	(\$295,881)	(\$107,947)

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, 2003

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,060,389	\$1,060,389	\$386,415	(\$673,974)
Total Revenues	<u>1,060,389</u>	<u>1,060,389</u>	<u>386,415</u>	<u>(673,974)</u>
Expenditures:				
Current:				
Instruction:				
Regular	62,717	62,717	66,984	(4,267)
Special	931,238	931,238	994,601	(63,363)
Support Services:				
Pupil	5,902	5,902	6,304	(402)
Instructional Staff	103,782	103,782	110,843	(7,061)
School Administration	123,361	123,361	131,755	(8,394)
Total Expenditures	<u>1,227,000</u>	<u>1,227,000</u>	<u>1,310,487</u>	<u>(83,487)</u>
Excess of Revenues Over (Under) Expenditures	<u>(166,611)</u>	<u>(166,611)</u>	<u>(924,072)</u>	<u>(757,461)</u>
Net Change in Fund Balance	(166,611)	(166,611)	(924,072)	(757,461)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>206,552</u>	<u>206,552</u>	<u>206,552</u>	<u>0</u>
Fund Balance End of Year	<u>\$39,941</u>	<u>\$39,941</u>	<u>(\$717,520)</u>	<u>(\$757,461)</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, 2003

	Title V Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$29,646	\$29,646	\$8,642	(\$21,004)
Total Revenues	29,646	29,646	8,642	(21,004)
Expenditures:				
Current:				
Instruction:				
Regular	24,118	24,118	23,658	460
Support Services:				
Pupil	2,034	2,034	1,995	39
Total Expenditures	26,152	26,152	25,653	499
Excess of Revenues Over (Under) Expenditures	3,494	3,494	(17,011)	(20,505)
Other financing sources (uses):				
Advances (Out)	(3,848)	(3,848)	(3,775)	73
Total Other Financing Sources (Uses)	(3,848)	(3,848)	(3,775)	73
Net Change in Fund Balance	(354)	(354)	(20,786)	(20,432)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	89	89	89	0
Fund Balance End of Year	(\$265)	(\$265)	(\$20,697)	(\$20,432)

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, 2003

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$41,657	\$41,657	\$17,656	(\$24,001)
Total Revenues	41,657	41,657	17,656	(24,001)
Expenditures:				
Current:				
Instruction:				
Regular	632	632	1,220	(588)
Support Services:				
Pupil	29,868	29,868	57,684	(27,816)
Total Expenditures	30,500	30,500	58,904	(28,404)
Excess of Revenues Over (Under) Expenditures	11,157	11,157	(41,248)	(52,405)
Net Change in Fund Balance	11,157	11,157	(41,248)	(52,405)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,591	26,591	26,591	0
Fund Balance End of Year	\$37,748	\$37,748	(\$14,657)	(\$52,405)

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, 2003

	EHA Preschool Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,098	\$6,098	\$1,257	(\$4,841)
Total Revenues	6,098	6,098	1,257	(4,841)
Expenditures:				
Current:				
Support Services:				
Pupil	7,000	7,000	9,046	(2,046)
Total Expenditures	7,000	7,000	9,046	(2,046)
Excess of Revenues Over (Under) Expenditures	(902)	(902)	(7,789)	(6,887)
Net Change in Fund Balance	(902)	(902)	(7,789)	(6,887)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7	7	7	0
Fund Balance End of Year	(\$895)	(\$895)	(\$7,782)	(\$6,887)

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, 2003

	E-Rate Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Central	37,000	37,000	14,058	22,942
Total Expenditures	37,000	37,000	14,058	22,942
Excess of Revenues Over (Under) Expenditures	(37,000)	(37,000)	(14,058)	22,942
Net Change in Fund Balance	(37,000)	(37,000)	(14,058)	22,942
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,586	34,586	34,586	0
Fund Balance End of Year	(\$2,414)	(\$2,414)	\$20,528	\$22,942

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, 2003

	Continuous Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	16,638	(16,638)
Total Expenditures	0	0	16,638	(16,638)
Excess of Revenues Over (Under) Expenditures	0	0	(16,638)	(16,638)
Net Change in Fund Balance	0	0	(16,638)	(16,638)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,968	16,968	16,968	0
Fund Balance End of Year	<u>\$16,968</u>	<u>\$16,968</u>	<u>\$330</u>	<u>(\$16,638)</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, 2003

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$55,558	\$55,558
Total Revenues	0	0	55,558	55,558
Expenditures:				
Current:				
Instruction:				
Regular	0	0	80,734	(80,734)
Total Expenditures	0	0	80,734	(80,734)
Excess of Revenues Over (Under) Expenditures	0	0	(25,176)	(25,176)
Other financing sources (uses):				
Advances In	0	0	5,358	5,358
Advances (Out)	0	0	(482)	(482)
Total Other Financing Sources (Uses)	0	0	4,876	4,876
Net Change in Fund Balance	0	0	(20,300)	(20,300)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	482	482	482	0
Fund Balance End of Year	\$482	\$482	(\$19,818)	(\$20,300)

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, 2003

	Goals 2000 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$203,857	\$203,857	\$24,476	(\$179,381)
Total Revenues	203,857	203,857	24,476	(179,381)
Expenditures:				
Current:				
Instruction:				
Regular	0	0	38,022	(38,022)
Special	0	0	20,857	(20,857)
Total Expenditures	0	0	58,879	(58,879)
Excess of Revenues Over (Under) Expenditures	203,857	203,857	(34,403)	(238,260)
Net Change in Fund Balance	203,857	203,857	(34,403)	(238,260)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,137	19,137	19,137	0
Fund Balance End of Year	\$222,994	\$222,994	(\$15,266)	(\$238,260)

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, 2003

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$1,014,393	\$1,014,393
Interest	0	0	112,170	112,170
Intergovernmental	0	0	133,225	133,225
Total Revenues	0	0	1,259,788	1,259,788
Expenditures:				
Debt Service:				
Principal Retirement	35,000,000	35,000,000	35,000,000	0
Interest and Fiscal Charges	583,000	583,000	1,468,493	(885,493)
Total Expenditures	35,583,000	35,583,000	36,468,493	(885,493)
Excess of Revenues Over (Under) Expenditures	(35,583,000)	(35,583,000)	(35,208,705)	374,295
Other financing sources (uses):				
Proceeds of Bonds and Notes	0	0	35,610,515	35,610,515
Total Other Financing Sources (Uses)	0	0	35,610,515	35,610,515
Net Change in Fund Balance	(35,583,000)	(35,583,000)	401,810	35,984,810
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$35,583,000)	(\$35,583,000)	\$401,810	\$35,984,810

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, 2003

	Permanent Improvement Renewal Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$0	\$0	\$593,104	\$593,104
Total Revenues	0	0	593,104	593,104
Expenditures:				
Capital Outlay	45,000,000	45,000,000	2,127,731	42,872,269
Total Expenditures	45,000,000	45,000,000	2,127,731	42,872,269
Excess of Revenues Over (Under) Expenditures	(45,000,000)	(45,000,000)	(1,534,627)	43,465,373
Other financing sources (uses):				
Proceeds of Bonds and Notes	0	0	1,000,000	1,000,000
Total Other Financing Sources (Uses)	0	0	1,000,000	1,000,000
Net Change in Fund Balance	(45,000,000)	(45,000,000)	(534,627)	44,465,373
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	35,000,000	35,000,000	35,000,000	0
Fund Balance End of Year	(\$10,000,000)	(\$10,000,000)	\$34,465,373	\$44,465,373

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, 2003

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$638,614	\$638,614	\$562,018	(\$76,596)
Interest	13,412	13,412	11,803	(1,609)
Intergovernmental	95,508	95,508	84,053	(11,455)
Total Revenues	747,534	747,534	657,874	(89,660)
Expenditures:				
Current:				
Support Services:				
School Administration	18,105	18,105	7,017	11,088
Fiscal	34,403	34,403	13,334	21,069
Central	292,389	292,389	113,325	179,064
Capital Outlay	12,436	12,436	4,820	7,616
Debt Service:				
Principal Retirement	310,000	310,000	310,000	0
Interest and Fiscal Charges	553,463	553,463	24,663	528,800
Total Expenditures	1,220,796	1,220,796	473,159	747,637
Excess of Revenues Over (Under) Expenditures	(473,262)	(473,262)	184,715	657,977
Other financing sources (uses):				
Transfers (Out)	(5,129)	(5,129)	(1,988)	3,141
Total Other Financing Sources (Uses)	(5,129)	(5,129)	(1,988)	3,141
Net Change in Fund Balance	(478,391)	(478,391)	182,727	661,118
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	696,199	696,199	696,199	0
Fund Balance End of Year	\$217,808	\$217,808	\$878,926	\$661,118

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, 2003

	Classroom Facilities ADA Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Extracurricular Activities	46,000	46,000	18,085	27,915
Total Expenditures	46,000	46,000	18,085	27,915
Excess of Revenues Over (Under) Expenditures	(46,000)	(46,000)	(18,085)	27,915
Net Change in Fund Balance	(46,000)	(46,000)	(18,085)	27,915
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,917	45,917	45,917	0
Fund Balance End of Year	(\$83)	(\$83)	\$27,832	\$27,915

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, 2003

	SchoolNet Plus Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Central	118,033	118,033	119,308	(1,275)
Total Expenditures	118,033	118,033	119,308	(1,275)
Excess of Revenues Over (Under) Expenditures	(118,033)	(118,033)	(119,308)	(1,275)
Other financing sources (uses):				
Advances (Out)	(8,527)	(8,527)	(8,619)	(92)
Total Other Financing Sources (Uses)	(8,527)	(8,527)	(8,619)	(92)
Net Change in Fund Balance	(126,560)	(126,560)	(127,927)	(1,367)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	127,929	127,929	127,929	0
Fund Balance End of Year	\$1,369	\$1,369	\$2	(\$1,367)

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, 2003

	SchoolNet Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$8,700	\$8,700
Total Revenues	0	0	8,700	8,700
Expenditures:				
Current:				
Support Services:				
Central	8,700	8,700	7,510	1,190
Total Expenditures	8,700	8,700	7,510	1,190
Excess of Revenues Over (Under) Expenditures	(8,700)	(8,700)	1,190	9,890
Net Change in Fund Balance	(8,700)	(8,700)	1,190	9,890
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$8,700)	(\$8,700)	\$1,190	\$9,890

**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	1994	1995	1996 (1)	1997	1998	1999	2000	2001	2002	2003
Taxes	\$6,810,038	\$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
Intergovernmental	9,582,968	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
Investment Revenue	72,813	95,641	167,644	192,250	312,856	318,853	340,076	372,367	156,446	103,725
Tuition and Fees	71,612	85,807	58,935	64,699	129,836	460,982	646,067	656,545	642,918	349,333
Other Revenues	12,251	69,053	0	22,978	258,972	87,916	327,877	457,087	184,880	545,282
Total Revenues	\$16,549,682	\$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

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	1994 (2)	1995 (2)	1996 (1)	1997	1998	1999	2000	2001	2002	2003
Regular Instruction	\$7,930,357	\$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
Special Instruction	2,080,777	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
Vocational Instruction	576,600	552,823	498,631	385,705	323,446	180,911	261,864	183,376	114,182	73,277
Other Instruction	17,659	19,126	23,549	24,373	23,763	20,667	18,035	8,075	22,723	4,299
Pupil	886,473	916,552	670,820	859,243	846,743	908,920	1,350,895	910,883	987,849	1,055,997
Instructional Staff	407,379	439,578	377,662	440,936	682,438	1,030,673	919,742	1,338,813	1,689,784	1,599,555
General Administration	67,470	46,776	83,555	65,680	99,456	77,614	63,990	91,779	60,718	115,555
School Administration	1,534,190	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
Fiscal	717,826	465,946	528,580	428,038	398,222	454,710	690,116	374,863	510,849	671,195
Business	150,924	75,642	157,570	165,432	174,367	205,826	394,057	3,380	237,175	220,727
Operations and Maintenance	1,909,195	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
Pupil Transportation	961,416	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
Central	325,396	312,908	575,625	493,667	636,459	392,603	526,251	566,068	802,876	781,629
Operation of Non-Instructional Services	0	0	367	1,132	264	1,892	0	0	0	0
Extracurricular Activities	235,018	257,269	235,727	228,771	276,877	294,110	256,803	288,441	272,239	210,882
Capital Outlay	0	0	24,360	0	0	0	0	0	0	0
Debt Service:										
Principal	801,753	1,229,110	311,955	336,559	437,639	515,460	687,814	711,652	564,941	156,500
Interest	0	0	230,310	143,309	102,809	191,817	131,715	99,397	73,204	52,234
Total Expenditures	\$18,602,433	\$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

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 (1)

TABLE 3

Collection Year	Tax Levied (2)	Current Tax Collections (3)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections To Levy	Outstanding Delinquent Taxes (4)	Percent of Outstanding Delinquent Taxes To Tax Levied
1995	\$7,966,549	\$7,873,683	98.83%	\$351,614	\$8,225,297	103.25%	\$1,705,757	21.41%
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%

Source: Montgomery County Auditor.

(1) Information for tax collection years 1991 through 1994 are not available from the Montgomery County Auditor.

(2) Taxes levied and collected are presented on a cash basis.

(3) State reimbursements of rollback and homestead exemptions are included.

(4) 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	
1995	\$174,901,090	\$499,717,400	\$22,891,756	\$91,567,024	\$19,897,650	\$22,610,966	\$217,690,496	\$613,895,390	35.46%
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%

Source: Montgomery County Auditor.

(1) Montgomery County Auditor property tax records are maintained on a calendar year basis. Property tax records prior to 1995 are not available.

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

TABLE 5

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

	2003	2002	2001	2000	1999	1998	1997	1996	1995
Trotwood-Madison City School District	\$61	\$53	\$53	\$53	\$54	\$54	\$54	\$56	\$46
Montgomery County	17	17	17	17	17	17	17	17	17
City of Trotwood	17	17	12	5	15	15	15	15	12
Joint Vocational School	3	3	3	3	3	3	3	3	3
Library	0	0	0	0	0	0	1	1	1

Source: Montgomery County Auditor.

(1) Property tax rates prior to 1995 are not available.

TABLE 6

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

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
1994	29,358	(3)	\$625,000	\$32,466	\$592,534	(3)	\$20
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	754,680	34,245,320	12.10%	1,249

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, 2003

Table 7

Assessed Valuation of District		<u>\$283,058,585</u>
<u>Overall Direct Debt Limitation</u>		
Direct debt limitation		
9% of assessed valuation		\$25,475,273
Amount available in Debt Service Fund		754,680
Gross indebtedness	\$35,000,000	
Less: Debt exempt from limitation	<u>35,000,000</u>	
Debt subject to 9% limitation		<u>0</u>
Legal debt margin within 9% limitation		<u>\$26,229,953</u>
<u>Unvoted Direct Debt Limitation</u>		
Unvoted debt limitation		
0.1% of assessed valuation		\$283,059
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>\$283,059</u>
<u>Energy Conservation Bond Limitation</u>		
Ohio Revised Code Section 133.042		
Debt limitation		
0.9% of assessed valuation		\$2,547,527
Energy conservation notes authorized		543,375
by the Board		
Legal debt margin within 0.9% limitation		<u>\$2,004,152</u>

Source: Trotwood-Madison City School District records.

Trotwood-Madison City School District
 Computation of Direct and Overlapping Debt
 June 30, 2003

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>\$35,000,000</u>	100.00%	<u>\$35,000,000</u>
Overlapping:			
Montgomery County	\$38,095,054	2.82%	\$1,074,281
City of Clayton	1,600,000	3.07%	49,120
City of Dayton	89,690,000	0.31%	278,039
City of Trotwood	4,240,000	82.18%	3,484,432
Miami Valley Regional T/A	<u>12,880,000</u>	2.82%	<u>363,216</u>
Total overlapping:	<u>\$146,505,054</u>		<u>\$5,249,088</u>
Total direct and overlapping debt:	<u>\$181,505,054</u>		<u>\$40,249,088</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 (%)
1994	\$2,494,854	\$0	\$2,494,854	\$18,602,433	13.41%
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	26,204,240	5.01%

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>
1994	29,358	4,118	4.8%
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%

- 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)
1994	\$29,847,175	\$4,034,766	*
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

- 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, 2003 (1)

TABLE 12

Name of Taxpayer	Real Property	% of Total Assessed Valuation
Dayton Power & Light Company	\$5,834,320	2.29%
Bradley Operating	4,689,730	1.84%
Verizon North Inc.	3,460,590	1.36%
Castlebrook Capital	2,940,200	1.16%
Lowes Home Center	2,429,040	0.95%
Kmart Corporation	2,176,830	0.86%
Wal-Mart Stores	2,112,990	0.83%
Graoch Associates, LTD.	1,889,980	0.74%
Sears Roebuck & Co.	1,681,300	0.66%
Belle Meadows	1,561,840	0.61%
	<u>\$28,776,820</u>	<u>11.31%</u>

Source: Montgomery County Auditor.

(1) Based on information available as of June 30, 2003.

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	U	CTC	Total
2002-03	331	326	320	295	375	310	324	331	333	326	312	258	230	0	101	4,172
The following are projections:																
2003-04	339	336	331	325	300	377	315	328	332	336	320	300	242	0	103	4284
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
MARCH 25, 2004**