

TALAWANDA SCHOOL DISTRICT

Single Audit Reports

June 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Talawanda School District
131 West Chestnut Street
Oxford, Ohio 45056

We have reviewed the Independent Auditor's Report of the Talawanda School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2001 to June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

November 15, 2002

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TALAWANDA SCHOOL DISTRICT

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TALAWANDA SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2002

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over compliance with requirements that could have a direct and material effect on a major federal program were reported in the prior year.

TALAWANDA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
(Passed through Ohio Department of Education)			
Nutrition Cluster:			
Food Distribution Program	03-PU	10.550	\$ 48,031
School Breakfast Program	05-PU	10.553	23,302
National School Lunch Program	04-PU	10.555	<u>154,865</u>
Total U.S. Department of Agriculture			<u>226,198</u>
 <u>U.S. Department of Education:</u>			
(Passed through Ohio Department of Education)			
Special Education Cluster:			
Title VI - B Grant	6B-SF	84.027	200,732
Preschool Grant	PG-S1	84.173	<u>5,256</u>
Total U.S. Special Education Cluster			<u>205,988</u>
Grants to Local Education Agencies (ESEA Title I)	C1-S0	84.010	332,854
Eisenhower Professional Development Grant	MS-S1	84.281	17,407
Innovative Education Program Strategy - Title VI	C2-S1	84.298	13,877
Class Size Reduction	CR-S1	84.340	77,661
Safe and Drug Free Schools	DR-S1	84.186	13,104
Goals 2000	G2-S4	84.276	1,921
Adult Education - State Grant Program	AB-S1	84.002	<u>1,336</u>
Total U.S. Department of Education			<u>664,148</u>
 Total Federal Awards			 \$ <u>890,346</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

The food distribution represents nonmonetary assistance reported at the fair market value of the commodities disbursed.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Talawanda School District:

We have audited the financial statements of Talawanda School District as of and for the year ended June 30, 2002, and have issued our report thereon dated September 13, 2002. 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 Talawanda School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

This report is intended solely for the information and use of the Board of Education, management, 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
September 13, 2002

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

To the Board of Education
Talawanda School District:

Compliance

We have audited the compliance of Talawanda School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Talawanda School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Talawanda School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Talawanda School District's compliance with those requirements.

In our opinion, Talawanda School 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, 2002.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of Talawanda School District as of and for the year ended June 30, 2002, and have issued our report thereon dated September 13, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Talawanda School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, 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.

Clark, Schaefer, Hockett & Co.

Cincinnati, Ohio
September 13, 2002

TALAWANDA SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2002

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	no
Identification of major programs:	
<i>CFDA 84.010 ESEA Title I</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

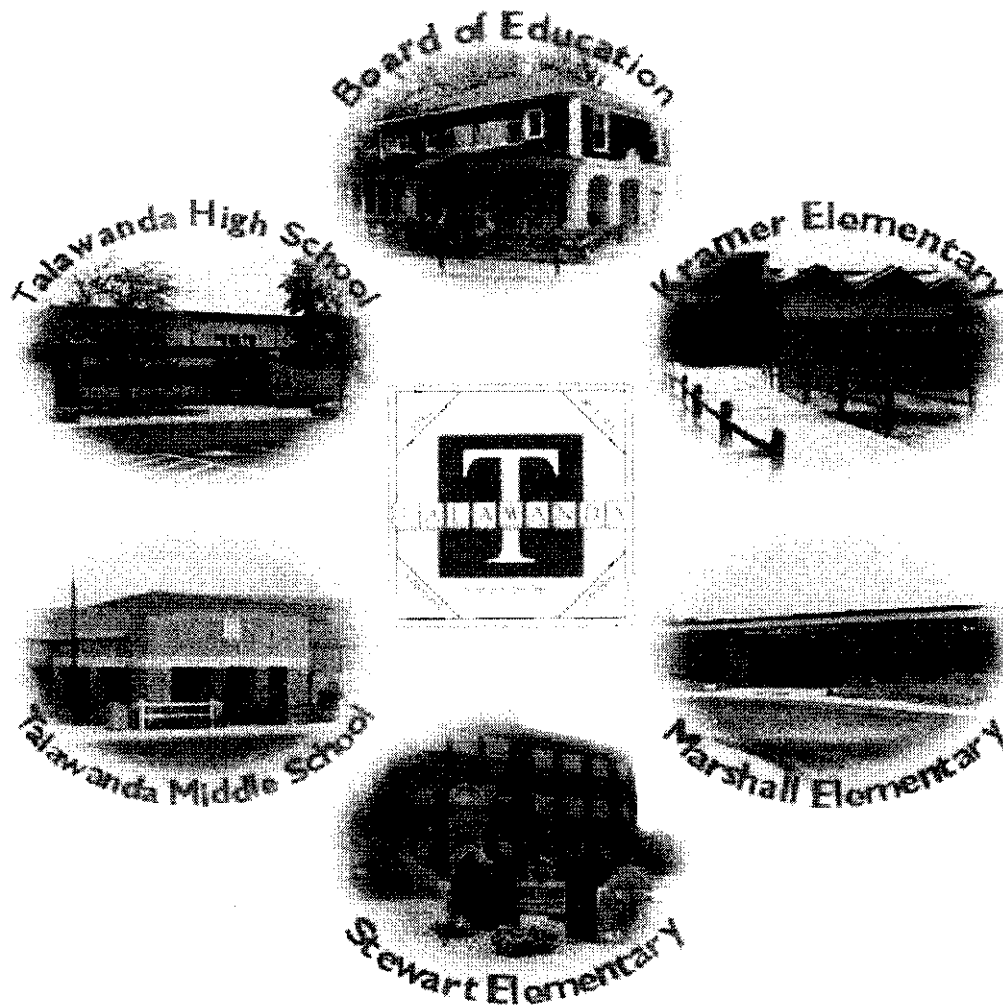
None

Section III - Federal Award Findings and Questioned Costs

None

Talawanda School District Oxford, Ohio

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2002

TALAWANDA SCHOOL DISTRICT
Oxford, Ohio

Comprehensive Annual Financial Report
for the Year ended June 30, 2002

Board of Education

Glenn Bailey - President
Mollie Hansel - Vice President
Donald Barnhart - Member
Robert Huff - Member
Robert Sherman - Member

Superintendent of Schools

Philip Cagwin, Ph.D

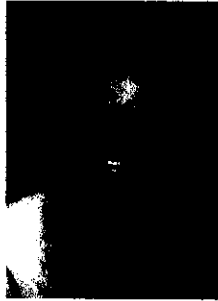
Issued By

Treasurer's Office

James M. Rowan
CFO/Treasurer

TALAWANDA CITY SCHOOL DISTRICT

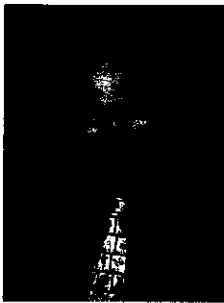
BOARD OF EDUCATION



Glenn Bailey
President



Mollie Hansel
Vice-President



Donald Barnhart
Board Member



Robert Huff
Board Member



Robert Sherman
Board Member

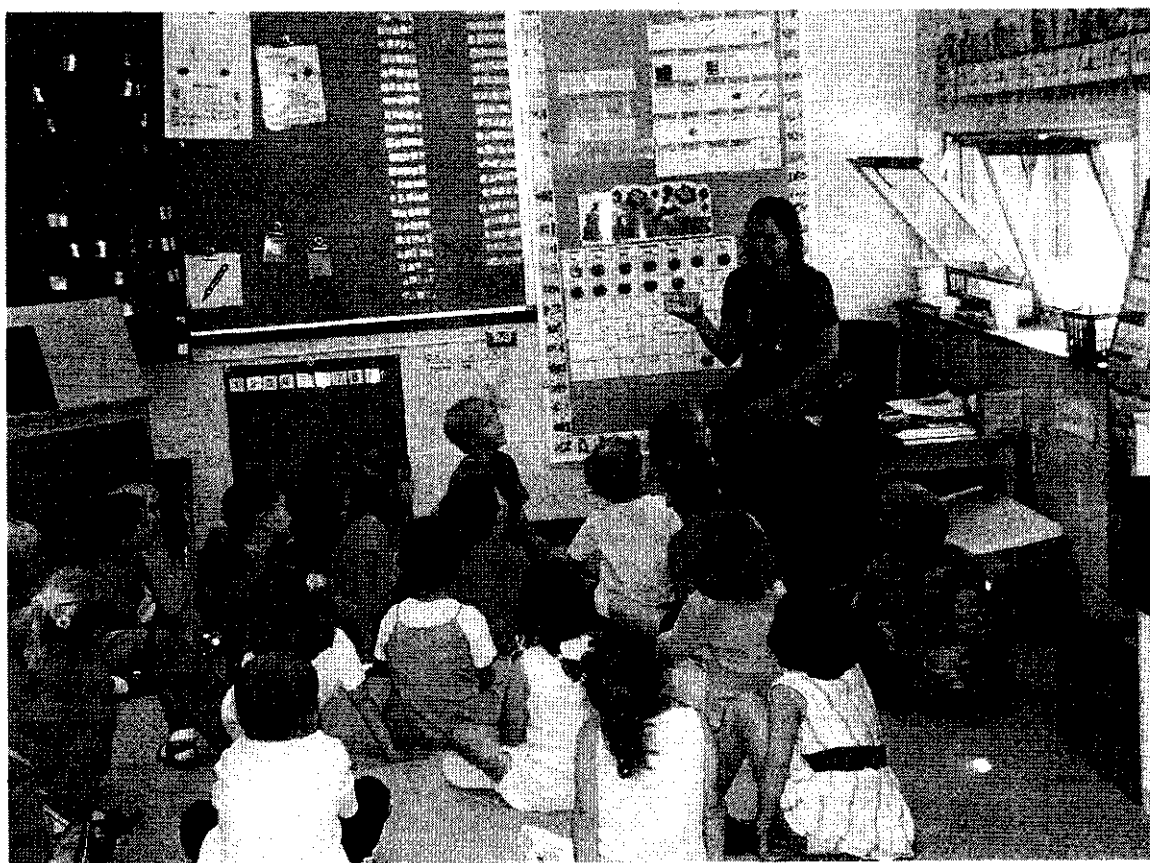


Philip Cagwin
Superintendent



James M. Rowan
CFO/Treasurer

Introductory Section



Talawanda School District, Ohio
Comprehensive Annual Financial Report

For Year Ended June 30, 2002

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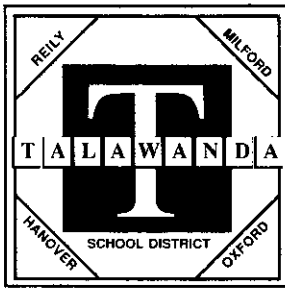
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Comprehensive Annual Financial Report**

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**TALAWANDA SCHOOL DISTRICT / 131 WEST CHESTNUT STREET, OXFORD, OHIO 45056 / 513-523-4716 / 513-894-1961
FAX: 513-523-1145**

September 13, 2002

To the Citizens and Board of Education of the Talawanda School District:

The Comprehensive Annual Financial Report (CAFR) of the Talawanda School District (the District) for the fiscal year ended June 30, 2002, is hereby submitted. This report was prepared by the Treasurer's Office, and includes the unqualified opinion of our independent auditors, Clark, Schaefer, Hackett & Co. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles applicable to governmental entities.

The CAFR is presented in three sections: introductory, financial, and statistical. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officers. The Financial Section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multiyear basis.

Copies of this report will be distributed throughout the School District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, Lane Public Library, Miami University Library, banks, and interested citizens.

This report includes all funds and account groups of the District. 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 and college preparatory levels; a broad range of co-curricular and extra curricular activities; adult and community education offerings; special education programs and facilities; and community recreation facilities.

In addition to providing these general activities, the District acts as fiscal agent for State funds distributed to private schools located within the District boundaries; therefore this activity is included in the reporting entity. The McGuffey Foundation School is the only school served. While the McGuffey Foundation shares operational and service similarities with the District, each are separate and distinct entities. Because of its independent nature, the McGuffey Foundation School's financial statements are not included in this report.

THE SCHOOL DISTRICT

The School District is located in the northwestern section of Butler County, Ohio, and encompasses the City of Oxford. The District has an area of 145 square miles and an approximate residential population of 23,968 and an approximate University population of 11,000. The District is primarily a residential and farming community.

The District had 3,118 students enrolled in its three elementary schools, middle school, and high school during the year ended June 30, 2002. In addition to the schools listed, the District maintained and operated a transportation facility, maintenance building, central office building, and several sports fields.

Talawanda Schools have a long and colorful history. We have detailed dates of significance below:

1811

Primary education began when Miami University opened the first schoolhouse, a log structure, under a tuition program.

1818

A brick schoolhouse was opened for white elementary school-aged children and served unofficially as Oxford's first free public school.

1826-1849

A Mission School was opened to serve Oxford's black children.

1849

Oxford's public school district was officially called the "Oxford Village School District" and "District Number Seven."

1853

Union School was opened. It was Oxford's first public school facility, which was constructed totally from funds received through a voter-approved tax issue.

1874

A public high school program was started.

1887

Under a State Supreme Court ruling, the Oxford Board of Education was ordered to allow black students to attend any school in the district.

1892

The schoolhouse used only by blacks was closed. All students were then placed in common buildings.

1935

The Oxford Village School District was re-named the Oxford Local School District, and was chartered as such by the State Department of Education.

1946

Oxford Township Rural School District was merged with Oxford Local School District.

1953

Hanover Township Local School District was merged with the Oxford Local School District and was re-named the Oxford-Hanover Local School District. Later that same year, Somerville Local School District and Milford Township Local School District were merged with the new Oxford-Hanover Local School District. The above mergers were the direct result of new standards of the State Board of Education, which required all school districts to have comprehensive high schools or become dissolved.

1954

The Oxford-Hanover Local School District was re-named the Talawanda Local School District, and re-chartered as such by the State Board of Education.

1966

The Board of Education and the Talawanda Educators' Association entered into their first negotiated agreement.

1968

The Reily Township Local School District was merged with Talawanda Local School District because Reily was unable to meet new state standards.

1982

The District was re-chartered and re-named the Talawanda School District.

ECONOMIC CONDITION AND OUTLOOK:

The District is located in the Miami Valley Region of Southwest Ohio. The District is midway between Cincinnati and Dayton in rapidly growing Butler County and borders the Indiana State line. The area served by the District is primarily an industrial and agricultural area.

The community is primarily an outgrowth of the development of Miami University, a state university. Miami University continues to play a prominent role in the development of the community. The property of the University is tax exempt and thus does not support the District. As the largest employer, the University, its students and its faculty have the primary impact on the economy. The University continues to enjoy a healthy financial outlook.

The District's economy is not solely tied to the University. Besides manufacturing and healthcare employers, many of our residents commute to the Cincinnati and Dayton areas each day. In general, the economy of the District continues to hold steady with moderate growth in new home construction. Commercial development is also occurring in the Southeast corner of the District and within Oxford. In 1999, Oxford created a Community Improvement Corporation (CIC) to promote economic development within the City and Oxford Township.

ORGANIZATION OF THE SCHOOL DISTRICT

A five member Board of Education serves as the taxing authority, contracting body, and policy maker for the School District. The Board adopts the annual operating budget, tax budget and approves all expenditures of District tax moneys.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total education and support operations. The Treasurer is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds and investment of idle funds as specified by Ohio law. Other Board appointed officials, reporting to the Superintendent, are an Assistant Superintendent, building principals, and directors of various educational and support services.

EMPLOYEE RELATIONS

The District currently has approximately 379 full-time and part-time employees.

There are two organizations representing District employees. The District's administrators and central office personnel are not currently represented.

The District's 229 teachers are represented for collective bargaining purposes by the Talawanda Educators' Association (TEA), an affiliate of the Ohio Education Association. The District has a collective bargaining agreement with TEA, which expires July 31, 2005.

The District's 131 non-teaching employees are represented for collective bargaining purposes by the Talawanda Classified Staff Association (TCSA), an affiliate of the Ohio Education Association. The District has a three-year collective bargaining agreement with TCSA, which expires June 30, 2004.

DEPARTMENT FOCUS:

In an effort to improve student performance, the Talawanda Board of Education authorized the hiring of two Instructional Specialists to assist faculty in improving student achievement.

The concept of the Instructional Specialist was first introduced as a recommendation through the District's continuous improvement model. Each year, members of the administration, faculty, and community gather to discuss short and long term needs of the District. In the Spring of 2001, the Program and Instruction Committee recommended the hiring of four Instructional Leaders to serve the district's five buildings. Due to financial constraints, the Board of Education authorized the hiring of two with emphasis on Reading & Mathematics.

As a result of this investment, progress was made in student achievement for the 2001-2002 school year in both reading and math. The Instructional Leaders provide on-going professional development to district faculty and bring the latest recommendations in curriculum development to the classroom.

SERVICES PROVIDED

The District provides a wide variety of educational and support services as mandated by state statute or public desires. These include regular instruction and special instructional programs for handicapped students, student guidance and health services, as well as extracurricular activities. Enterprise fund services include adult education programs, educational supply service, and food service operation.

MAJOR INITIATIVES AND EVENTS

Educational

During the 2001-2002 school year there were a variety of important programs and initiatives introduced into the educational programs of the Talawanda School District. Outlined below is a brief summary of the most notable of these initiatives.

Textbook Initiative: The Talawanda School District has approved a five-year textbook adoption cycle in which it allocates \$300,000 annually to fund educational resources such as textbooks, materials, computers and software needed for the various course adoptions. This initiative allows our students to have access to the latest instructional resources available.

Entry Year Program: During the 2001-2002 school year, the District continued to support the Entry Year Program designed to meet the needs of individuals in their first year of teaching and to prepare them for a performance assessment. Goals of the program are as follows:

- Identify potential mentors and provide mentor training
- Provide orientation for entry year teachers and mentors
- Assign every entry year teacher with a mentor
- Provide teacher assessment through Praxis III

High Schools That Work (HSTW): Talawanda High School (THS) faculty continues to research and implement the fundamentals of High Schools That Work (HSTW) into the THS system. Through HSTW the high school staff hopes to:

- Develop a plan for continuous improvement through curriculum development, professional development, and improved student achievement and workplace readiness
- Improve integration of vocational and academic curriculum at the high school
- Add educational and career options for students
- Improve academic and career achievement
- Reduce the general track and non-focused course selection
- Use data to drive curricular decisions
- Increase student, parent, and faculty accountability for student success

In-service: Talawanda recognizes that the classroom teacher is the heart of the instructional program and it is critical that efforts be made to provide on-going in-service support for these staff members. Through the use of grants, Miami University support, district funds, and individual financial support, district teachers have participated in in-service activities including some of the following topics:

- Cooperative Learning
- Environmental Studies
- Mentoring Skills
- Intervention
- Interdisciplinary Units
- Primary Mathematics Instruction
- Multiple Intelligence's
- Team Teaching
- Entry-year Teachers
- Learning Styles
- Parenting Skills
- Problem Solving
- Grouping Strategies
- Classroom of the Future

Continuous Improvement Plan: In October 1999, the district brought together 65 community members for an educational summit as part of the "Schoolhouse of Quality" initiative in conjunction with architects Steed, Hammond and Paul. This group's task was to help assess the district's further progress on meeting the goals of the 1995 Strategic Plan. During the Summit, the 97 action plans were evaluated as to their importance and success in meeting the 22 goals of the strategic plan. The 22 goals were then placed into one of four quadrants: Reallocate, Anticipate, Continue, and Improve. It was agreed at the Summit that the goals in the Reallocated and Anticipate quadrants would be removed at this time. The District would focus primarily on the accomplishment of the goals in the Continue and Improve quadrants.

In January 2000, the Ohio Department of Education released the Reference Guide to Continuous Improvement Planning. That document was used in the evolution of the District's strategic plan into this Talawanda Schools Continuous Improvement Plan. As evidenced by the Board's commitment to Strategic Planning five years ago, Talawanda recognizes the importance of identifying goals. The Board of Education and the District Administrative Staff are fully committed to planning, implementing, evaluating, and as funds permit, supporting the action plans in the District Continuous Improvement Plan.

The Board of Education meets monthly, and has had a standing item for reports on strategic planning activities for the past four years. There is also opportunity for citizens comments at the beginning of each and every board meeting.

Individual school buildings within the District are at various stages of completion of their own continuous improvement plans, and during the past two years eight early release days were devoted for District-wide work on Continuous Improvement activities.

The School District encourages principals and staffs to implement school reform models. Our high school is a forerunner in the State on the High School That Work reform model. Our middle school and two of our three elementary schools have received Venture Capital funds for innovative instructional approaches. Our middle school has also received "raising the bar" recognition for innovative instructional practices.

The district's Belief Statements and Mission Statement are as follows:

Belief Statements

We believe that:

- self esteem is an important part of learning.
- learning is a lifelong process.
- public education is a cooperative effort among parents, students, staff and community.
- the family is the major influence in, and is responsible for, the child's development.
- schools provide the opportunity for learning basic and specialized knowledge and skills for growth.
- schools are influenced by an ever-changing society.
- individuals have a capability and capacity to learn which are unique to them.
- all people have value.
- public schools are a valuable resource.
- schools are to operate in a legally, ethically, and financially responsible manner.

Mission Statement

The mission of the Talawanda School District is to provide for the educational development of its students within a secure, nurturing environment. The Talawanda School District will provide a challenging and comprehensive curriculum that will draw upon the multiple strengths of the community and will be supported by a well informed public. This will enable each student to reach his/her full potential, to become a responsible citizen and a contributing member of a diverse society.

Facilities

During the 2001-2002 school year the Talawanda School District participated in the Ohio School Facilities Commission Expedited Local Partnership Program Assessment Plan. This program enabled a group of architects employed by the Ohio School Facilities Commission to assess the condition of District facilities to allow for state funding for school facilities. As a result of this study the Talawanda Board of Education is working with community members to develop a facilities master plan to meet the needs of the District for the next several years. Upon approval of a facilities plan it is anticipated that the District would seek voter approval to fund the much needed facility renovations as outlined in the plan. Based on the District's wealth factor the state would provide a 24% match on all approved projects. While the state does not anticipate that funding would be available for the Talawanda School District until 2009, the District would be permitted to proceed under the Expedited Local Partnership Program with the understanding that state funding would be credited in the future.

Community

Business Advisory Committee: This Committee is comprised of local business and education leaders who have a sincere interest in preparing Talawanda's youth for today and tomorrow's job market. A major goal of the Committee is to establish close ties between the District and businesses in the District, and to have business leaders review and give input on District curriculum offerings.

State Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2002, the School District received \$11,073,886 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully fund parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Operations

In April 1994, the Talawanda School District transferred the operation of its bus fleet to a private contractor. The change was designed to improve the operational efficiency of our transportation services while putting new school buses on the road. Though the company providing the service is an independent contractor, the District has not relinquished its control over operational matters such as bus routes, pick-up times, student discipline or employee hiring standards and disciplinary procedures. The District just completed its eighth year of the contract and is very pleased with the operational system and with the operational efficiency the district has been able to achieve. The current contract runs through June 30, 2003.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund (and account group) is a distinct, self-balancing accounting entity. Records for general governmental operations and expendable trust funds are maintained on a cash basis system of accounting as prescribed by the Auditor of State. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board. GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the general fund, special revenue funds, debt service funds, capital improvement funds, expendable trust funds, agency funds and for full accrual basis of accounting for all other funds.

Internal Accounting Control

Internal accounting control adequacy was given great consideration in developing the District's accounting system. 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.

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, ensure that the financial information generated is both accurate and reliable.

Budgetary Controls

Budgetary controls were established to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. All accounts, appropriations and other financial records are maintained in accordance with the procedures established and prescribed by the Auditor of State.

The District submits final appropriations each June to the Butler County Budget Commission. Since the district has implemented a five-year forecast, budgeted revenues and expenditures are modified at year end to reflect actual revenues and expenditures prior to closing the fiscal year. Final budget/actual numbers are then compared to the five-year forecast and reviewed by the administration and Board of Education.

Activities of all funds are included in the annual appropriation resolution. The level of budgetary control is established by using a system of function and object codes in the amounts established through Board resolution. All purchase order requests must be approved by the Superintendent, or his designee, and the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests, which exceed the available appropriations, are rejected until additional funds are secured. The encumbrance accounting

system is a technique of accomplishing budgetary control and provides for the release of all unencumbered amounts at year end.

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriations plus any additional appropriations made to date. The reports ascertain the status of a department's appropriations prior to authorizing additional purchases. In addition to interim financial reports, each administrator is furnished monthly reports showing the status of the budgetary accounts for which they are responsible. The reports detail monthly transactions and summarize the balances available to be spent from the appropriations allocated for goods and services.

Single Audit

Single audit requirements ensure that the District complies with applicable laws and regulations related to all Federal and State programs. The audit includes tests of the internal control system for reliance. This internal control structure is subject to periodic evaluation by management of the District. The results of the District's single audit for the fiscal year ended June 30, 2002, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

General Governmental Functions

The General Fund is the general operating fund of the District, used to account for all revenues and expenditures not required to be accounted for in another fund.

The following schedule presents a summary of the General Fund revenues for the fiscal years ended June 30, 2002 (GAAP basis):

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2001</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$11,208,220	48.69%	\$822,197	7.92%
Tuition and Fees	232,326	1.02	(27,993)	(10.75)
Earnings on Investments	352,302	1.53	(43,164)	(10.91)
Other Local Revenues	150,528	.65	(42,980)	(22.21)
Intergovernmental				
State, Federal and Local	<u>11,073,886</u>	<u>48.11</u>	<u>1,328,425</u>	<u>(4.75)</u>
Total	\$23,017,262	100.00%	\$2,036,485	12.80%

Overall tax revenue increased due to the passage of a tax levy in November 2000. Tuition and fees decreased due to fewer out of district special education students. Earnings on investments decreased due to lower rates. Other local revenues decreased in part by a reduction in miscellaneous revenue during 2002. Intergovernmental revenues increased overall due to increases in per-pupil funding, school bus allowances and workers' compensation rebates.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2002 (GAAP basis):

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase From 2001</u>	<u>Percent of Increase (Decrease)</u>
Instruction:				
Regular	\$10,232,535	47.00%	\$1,045,877	11.38%
Special	1,554,880	7.14	187,589	13.72
Other	309,045	1.42	30,678	11.02
Support Services:				
Pupil	1,044,849	4.80	170,252	19.47
Instructional	1,418,578	6.52	87,001	6.53
General Admin.	52,997	.24	8,778	19.85
School Admin	1,453,396	6.68	35,614	2.51
Fiscal and Business	639,196	2.94	106,962	20.10
Operations and Maint.	2,248,009	10.32	108,221	5.06
Pupil Transportation	1,737,536	7.98	85,786	5.19
Central	23,770	0.11	4,202	21.47
Extra Curricular Act.	403,598	1.85	9,434	2.39
Capital Outlay	<u>653,491</u>	<u>3.00</u>	<u>368,026</u>	<u>128.92</u>
Total	\$21,771,880	100.00%	\$2,248,420	11.52%

Increases in wages occurred at a rate of approximately 6.5% across the board. Additional dollars were given to faculty for increased hours and duties within their workday. Increases were seen across the board due to a number of factors. The Board of Education reinstated approximately \$600,000 in cuts during the 2001-2002 school year. In addition, substantial dollars were invested in curriculum as a result of recommendations from the District's continuous improvement plan. Capital expenditures were up due to technology purchases, modular classroom purchases, bus purchases, etc. The district also increased its work force which included the hiring of two instructional specialists and a reading specialist at the high school. The district also saw significant increases in property, fleet and liability insurance.

Fiscal year 2002 saw general fund expenditures of \$21,772,080 below revenues of \$23,017,262 by \$1,245,182. The positive change in financial position was primarily a result of the passage of a 6.5 mill operating levy in November 2000.

Special Revenue Funds

The Special Revenue Funds consisted primarily of Public Support, Athletic, Title VI-B and Title I and Miscellaneous Federal Grants. All Special Revenue Funds on a combined basis operated with \$1,032,303 in revenues and other resources (net) and \$1,128,238 in expenditures and other uses (net) in 2002.

Debt Service Fund

This section describes statutory and constitutional debt and ad valorem property tax limitations applicable to the Board and the District, and the Board's current outstanding note indebtedness.

Statutory Direct Debt Limitations: The Ohio Revised Code provides that the net principal amount of unvoted general obligation debt of a school district incurred without a vote of the electors, exclusive of certain exempt debt, may not exceed one-tenth of one percent of the total value of all property in the district as listed and assessed for taxation. The Board at present has no unvoted debt issued as June 30, 2002, subject to this limitation. The total net indebtedness of a board of education, voted and unvoted, but exclusive of exempt debt (tax anticipatory notes) may not exceed 9% of the total value, except upon declaration by the State Superintendent of Public Instruction that the district is a "special needs" district (which is not applicable or anticipated to be applicable to the District) in which case the 9% limitation may be exceeded, although any such debt is subject to voter approval.

Ten-Mill Unvoted Tax Limitation: Article XII, Section 2 of the Ohio Constitution and Section 5705.02 of the Ohio Revised Code limit the maximum aggregate millage that may be levied for all purposes on any single parcel of property by all overlapping taxing subdivisions. The District and its largest overlapping subdivisions currently levy the entire ten mills as follows: the District 4.19 mills; City of Oxford 3.65 mills, Butler County 1.92 mills, Oxford Township .24 mills (Source: Butler County Auditor). The ten mills that may be levied as ad valorem taxes upon real property without a vote of the electors are referred to as the "inside millage".

Ohio law presently requires that the inside millage allocated to each overlapping taxing subdivision be used first for the payment of debt service on unvoted general obligation debt of the subdivision, unless provisions have been made for its payment from other sources, and that the balance be used for general fund purposes. To the extent the inside millage required for debt service by a taxing subdivision exceeds the allocation to that subdivision, the amount that would otherwise be available to the subdivision or its overlapping subdivisions for general fund purposes is reduced, subject to requirements that municipal corporations exhaust certain other revenue sources before they may cause such a millage reallocation.

Debt Currently Outstanding: The following table lists the District's outstanding debt represented by Bond Anticipatory Notes and Construction Bonds at June 30, 2002, as compared to the two legal debt limitations.

Assessed Valuation of Talawanda School District (2002)		\$445,685,650
Overall Direct Debt Limitation		40,111,709
Amount Available in Debt Service Fund		0
Gross indebtedness (all bonds and tax anticipation notes outstanding)	\$215,000	
Less Debt exempt from limitation	0	

Debt subject to 9% limitation		215,000
Legal Debt margin within 9% limitation		\$39,896,709
		=====
Unvoted Direct Debt Limitation (Unvoted debt limitation 0.1% of assessed valuation)		\$445,686
Amount available in Debt Service Fund		0
Gross indebtedness authorized by the Board	0	
Less debt exempt from the limitation	0	

Debt subject to 0.1% limitation		0
Legal debt margin within 0.1% limitation		\$445,686
		=====

Capital Project Funds

The Capital Projects Funds are used to account for a Permanent Improvement Fund, which receives equity transfers from the General Fund and Construction activity as a result of a bond issue approved in November, 1987.

Proprietary Funds

The Enterprise Funds operated by the District include Food Service, Uniform School Supply and Adult Continuing Education. District Enterprise Funds operated in 2002 with \$1,043,247 in revenues and other resources and recorded net income of \$6,420.

General Fixed Assets

Fixed asset values were re-established in July 1, 2001 by an appraisal firm. The District's fixed assets have been automatically updated through June 30, 2002 by an interface with the accounting system. At June 30, 2002, General Fixed Assets totaled \$32,697,032.

Debt Administration

The ratio of bonded debt to assessed value was .054%. The legal restriction in the State of Ohio is 9% of assessed valuation.

Risk Management

The District continues to protect its assets through a comprehensive insurance program. The District maintains insurance coverage with private carriers for real property, building contents, vehicles and general liability insurance. General liability insurance policy limits are one million dollars per occurrence and three million dollars in the aggregate. The District also carries employees performance liability insurance on all employees.

Cash Management

The District has an aggressive cash management program expediting the receipt of revenues and prudently investing available cash in obligations collateralized by instruments issued by the United States Government, State of Ohio, or insured by the Federal Deposit Insurance Corporation. The interest earned during fiscal year 2002 was \$358,140. Of this amount \$352,302 was credited to the General Fund, \$191 to the Debt Service Fund, \$2,508 to the Capital Projects Funds, \$549 to Expendable Trust Funds, \$2,586 to the Food Service Fund, and \$4 to the Non-expendable Trust Fund. The program is particularly successful because of computerization of daily balances which permits the Treasurer's Office 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 credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits meet minimum state requirements. Investments held by the District during the year and at June 30, 2002, are classified in the categories of lowest to middle credit risk as defined by the Governmental Accounting Standards Board. However, as required under Ohio law, pooled securities have been pledged in an amount equal to 110% of the total deposits to secure the repayment of all public moneys deposited in a financial institution.

OTHER INFORMATION

Awards:

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2001 to the District. The Certificate of Excellence is the highest form of recognition for excellence in school district financial reporting and was awarded for this District's eighth annual report produced under Generally Accepted Accounting Principles.

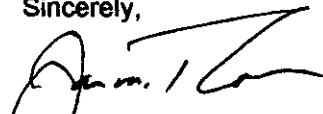
This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002, will also conform to its principles and standards.

Acknowledgments

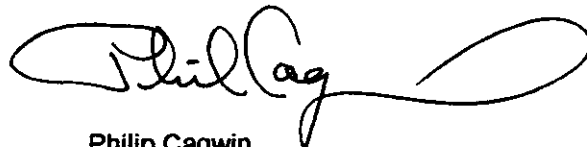
The preparation and publication of this report on a timely basis, could not have been possible without the cooperation of the entire Treasurer's Staff.

Finally, this report would not have been possible without the foresight of the Board of Education who approved the resources to achieve this project. Without their leadership and commitment to excellence this report would not be possible.

Sincerely,



James M. Rowan
CFO/Treasurer



Philip Cagwin
Superintendent of Schools

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Talawanda City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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.



Imelda Gruwe
President

Jeffrey L. Esser
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

TALAWANDA SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2001

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

Clark J. Goldhill
President

David A. Ritzky
Interim Executive Director

TALAWANDA SCHOOL DISTRICT
APPOINTED OFFICIALS
AS OF JUNE 30, 2002

Official

Philip Cagwin

James M. Rowan

Rhonda Bohannon

David McDaniel

Robert Phelps

Title

Superintendent

CFO/Treasurer

Assistant Superintendent

Director of Technology

Director of Special Education

Elected Officials

Glenn Bailey

Donald D. Bamhart

Mollie Hansel

Robert Sherman

Robert Huff

Term Expiration

December 31, 2003

December 31, 2003

December 31, 2003

December 31, 2005

December 31, 2005

TALAWANDA SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2002

Architects

Steed-Hammond-Paul
82 Williams Avenue
Hamilton, Ohio 45015

Asbestos

Safe Space
James Bartley, President
68 South Main Street
Middletown, OH 45044

Bond Council

Peck, Shaffer and Williams
425 Walnut Street
Cincinnati, OH 45202

Independent Auditor

Clark, Schaefer, Hackett & Co.
105 East Fourth Street
16th Floor
Cincinnati, Ohio 45202

Investment Counselors

Seasongood and Mayer
Municipal Bonds and Investment Securities
414 Walnut Street
Cincinnati, OH 45202

Legal Council

Ennis, Roberts and Fischer
121 W. Ninth Street
Cincinnati, OH 45202

Official Depositories

Fifth Third Bank
5950 Fairfield Road
Oxford, OH 45056

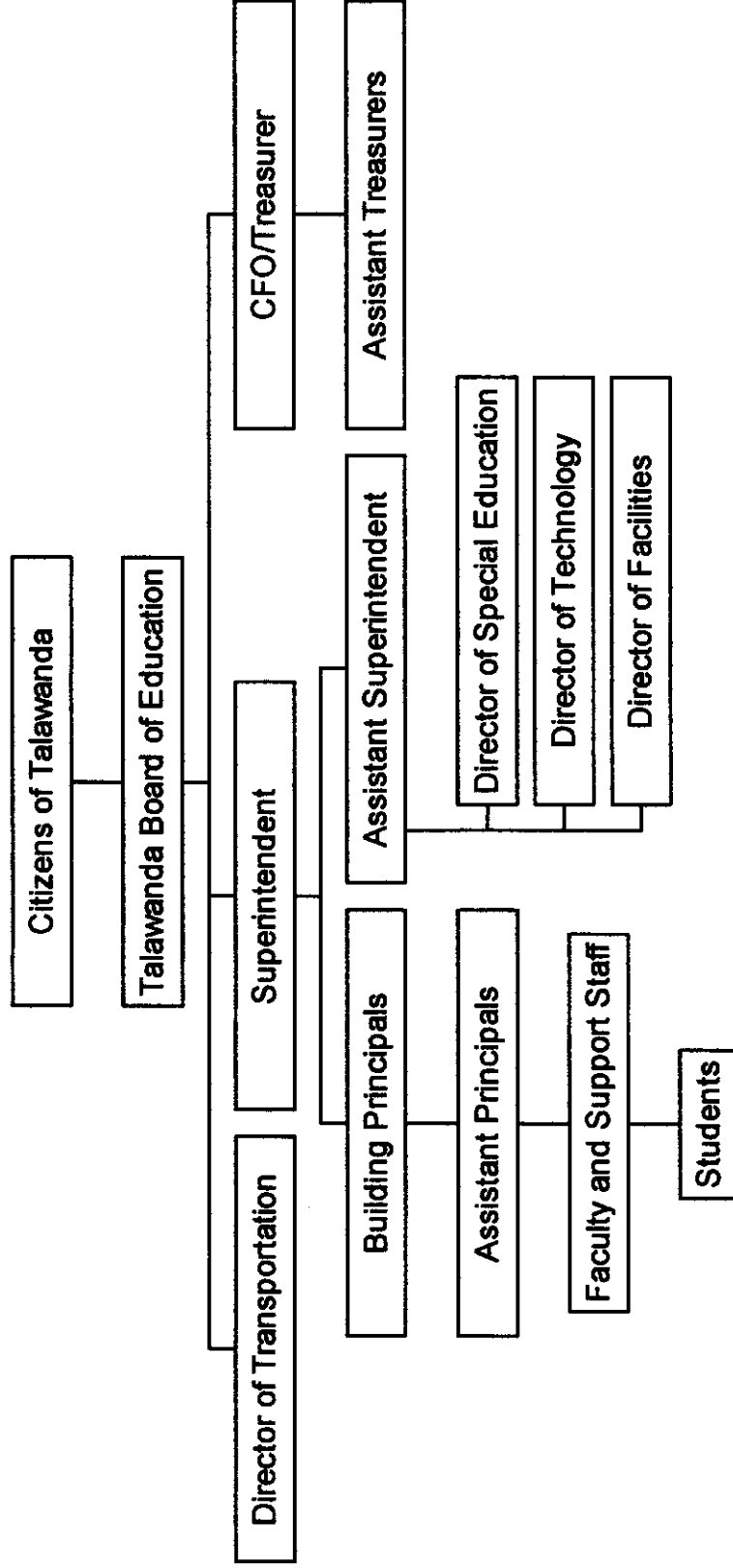
Workers Compensation

The Sheakley Group of Companies
100 Merchant Street, Suite 100
Cincinnati, Ohio 45246

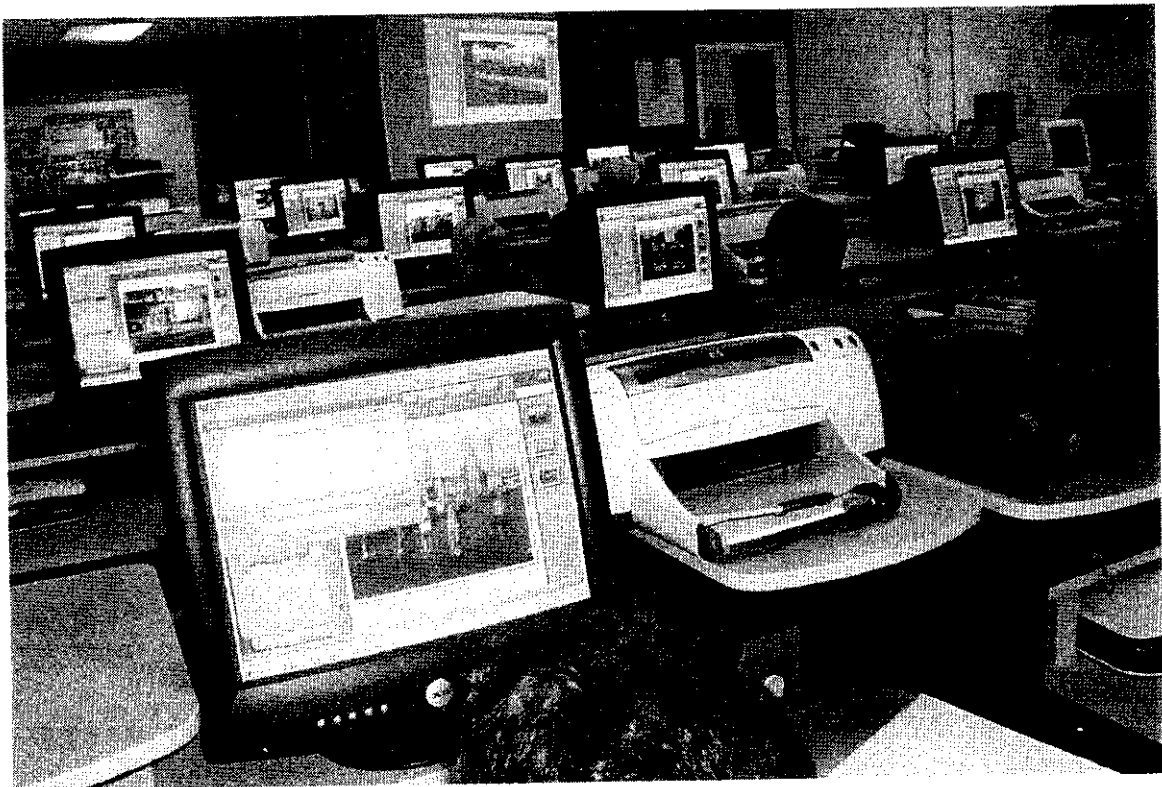
Talawanda School District, Ohio

Organizational Chart

As of June 30, 2002



Financial Section



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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Talawanda School District:

We have audited the accompanying general purpose financial statements of Talawanda School District, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Talawanda School District, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2002, on our consideration of the School 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents, and therefore, express no opinion on it.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
September 13, 2002

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in pooled cash and cash equivalents	\$2,411,923	\$537,861	\$9,181	\$107,330
Restricted cash	202,876	0	0	0
Investments	6,336,096	0	0	0
Receivables:				
Taxes	12,027,685	0	0	0
Accounts	82,717	11,483	0	0
Accrued interest	15,227	0	14	137
Intergovernmental	0	5,463	0	0
Prepayments	54,500	0	0	0
Material and supplies inventory	0	0	0	0
Property, plant and equipment (net of accumulated depreciation, where applicable)	0	0	0	0
Other Debits:				
Amount available in Debt Service Fund	0	0	0	0
Amount to be provided for retirement of General Long-term Obligations	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$21,131,024	\$554,807	\$9,195	\$107,467
LIABILITIES, FUND EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts payable	\$319,479	\$30,224	\$0	\$1,836
Accrued wages and benefits	2,195,918	72,170	0	0
Due to student groups	0	0	0	0
Due to others	0	0	0	0
Deferred revenue	11,304,979	0	0	0
General obligation bonds payable	0	0	0	0
Capital lease payable	0	0	0	0
Compensated absences payable	0	0	0	0
Total Liabilities	13,820,376	102,394	0	1,836
Fund Equity and Other Credits:				
Investment in general fixed assets	0	0	0	0
Retained earnings (Unreserved)	0	0	0	0
Fund Balances:				
Reserved-				
Reserved for encumbrances	223,000	18,602	0	13,639
Reserved for set-asides	202,876	0	0	0
Reserved for tax advances	722,706	0	0	0
Reserved for prepaids	54,500	0	0	0
Unreserved-				
Designated for debt service	0	0	9,195	0
Undesignated	6,107,566	433,811	0	91,992
Total Fund Equity and Other Credits	7,310,648	452,413	9,195	105,631
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$21,131,024	\$554,807	\$9,195	\$107,467

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS			Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Enterprise					
\$343,045	\$124,989	\$0	\$0	\$3,534,329	
0	0	0	0	202,876	
0	0	0	0	6,336,096	
0	0	0	0	12,027,685	
5,034	0	0	0	99,234	
309	37	0	0	15,724	
29,661	0	0	0	35,124	
0	0	0	0	54,500	
19,851	0	0	0	19,851	
45,666	0	31,225,882	0	31,271,548	
0	0	0	9,195	9,195	
0	0	0	1,220,011	1,220,011	
\$443,566	\$125,026	\$31,225,882	\$1,229,206	\$54,826,173	
\$12,606	\$504	\$0	\$0	\$364,649	
87,153	158	0	184,013	2,539,412	
0	63,755	0	0	63,755	
0	10,676	0	0	10,676	
10,608	0	0	0	11,315,587	
0	0	0	215,000	215,000	
0	0	0	159,000	159,000	
6,531	0	0	671,193	677,724	
116,898	75,093	0	1,229,206	15,345,803	
0	0	31,225,882	0	31,225,882	
326,668	0	0	0	326,668	
0	601	0	0	255,842	
0	0	0	0	202,876	
0	0	0	0	722,706	
0	0	0	0	54,500	
0	0	0	0	9,195	
0	49,332	0	0	6,682,701	
326,668	49,933	31,225,882	0	39,480,370	
\$443,566	\$125,026	\$31,225,882	\$1,229,206	\$54,826,173	

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
From local sources:				
Taxes	\$11,208,220	\$0	\$0	\$0
Tuition	220,147	0	0	0
Transportation fees	12,179	0	0	0
Earnings on investments	352,302	0	191	2,508
Extracurricular activities	75,353	181,097	0	0
Classroom materials and fees	0	0	0	0
Other local revenues	75,175	70,155	0	0
Intergovernmental - State and Local	11,073,886	110,837	0	5,897
Intergovernmental - Federal	0	670,214	0	0
Total Revenues	23,017,262	1,032,303	191	8,405
Expenditures:				
Current:				
Instruction:				
Regular	10,232,535	150,483	0	0
Special	1,554,880	383,088	0	0
Adult	0	4,742	0	0
Other	309,045	0	0	0
Support services:				
Pupil	1,044,849	156,374	0	0
Instructional staff	1,418,578	130,265	0	48,105
General administration	52,997	0	0	0
School administration	1,453,396	114,978	0	0
Fiscal and business	639,196	0	0	0
Operations and maintenance	2,248,009	8,082	0	0
Pupil transportation	1,737,536	0	0	0
Central	23,770	0	0	0
Community Services	0	52,374	0	0
Extracurricular activities	403,588	127,852	0	0
Capital outlay	653,491	0	0	16,361
Debt service:				
Principal retirement	0	0	100,000	0
Interest and fiscal charges	0	0	13,250	0
Total Expenditures	21,771,880	1,128,238	113,250	64,466
Excess (deficiency) of revenues over (under) expenditures	1,245,382	(95,935)	(113,059)	(56,061)
Other Financing Sources (Uses):				
Proceeds from capital lease	159,000	0	0	0
Operating transfers in	0	0	113,250	0
Operating transfers (out)	(113,450)	0	0	0
Proceeds of sale of fixed assets	5,011	0	0	0
Total Other Financing Sources (Uses)	50,561	0	113,250	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	1,295,943	(95,935)	191	(56,061)
Fund balance, July 1, 2001	6,014,705	548,348	9,004	161,692
Fund balance, June 30, 2002	\$7,310,648	\$452,413	\$9,195	\$105,631

The notes to the financial statements are an integral part of this statement.

FIDUCIARY	
FUND TYPE	
Expendable Trust	Totals (Memorandum Only)
\$0	11,208,220
0	220,147
0	12,179
549	355,550
0	256,450
1,926	1,926
6,684	152,014
0	11,190,620
0	670,214
<u>9,159</u>	<u>24,067,320</u>
11,013	10,394,031
6,508	1,944,476
0	4,742
0	309,045
1,714	1,202,937
0	1,596,948
0	52,997
0	1,568,374
0	639,196
0	2,256,091
0	1,737,536
0	23,770
0	52,374
1,500	532,950
0	669,852
0	100,000
0	13,250
<u>20,735</u>	<u>23,098,569</u>
(11,576)	968,751
0	159,000
200	113,450
0	(113,450)
0	5,011
<u>200</u>	<u>164,011</u>
(11,376)	1,132,762
61,112	6,794,861
<u>\$49,736</u>	<u>\$7,927,623</u>

TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2002

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$11,664,873	\$11,664,873	\$0	\$0	\$0	\$0
Tuition	182,550	192,550	0	0	0	0
Transportation fees	11,280	11,280	0	0	0	0
Earnings on investments	356,551	356,551	0	0	0	0
Extracurricular activities	76,188	76,188	0	180,852	180,852	0
Other local revenues	71,569	71,569	0	78,706	78,708	0
Intergovernmental - State & Local	11,084,560	11,084,560	0	114,495	114,495	0
Intergovernmental - Federal	0	0	0	673,604	673,604	0
Total Revenues	23,457,571	23,457,571	0	1,047,657	1,047,657	0
Expenditures:						
Current:						
Instruction:						
Regular	10,217,114	10,217,114	0	149,190	149,190	0
Special	1,535,445	1,535,445	0	368,738	368,738	0
Adult	0	0	0	555	555	0
Other	322,799	322,799	0	0	0	0
Support Services:						
Pupil	1,031,990	1,031,990	0	171,291	171,291	0
Instructional Staff	1,418,249	1,418,249	0	134,984	134,984	0
General Administration	61,992	61,992	0	0	0	0
School Administration	1,473,642	1,473,642	0	113,425	113,425	0
Fiscal and Business	642,873	642,873	0	0	0	0
Operations and maintenance	2,316,591	2,316,591	0	8,118	8,118	0
Pupil Transportation	1,607,823	1,607,823	0	0	0	0
Central and Community	28,152	28,152	0	52,731	52,731	0
Extracurricular Activities	417,238	417,238	0	129,179	129,179	0
Capital Outlay	720,412	720,412	0	0	0	0
Debt Service:						
Principal	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	21,794,320	21,794,320	0	1,128,211	1,128,211	0
Excess (deficiency) of revenues over (under) expenditures	1,663,251	1,663,251	0	(80,554)	(80,554)	0
Other Financing Sources (Uses):						
Sale & Lease of Assets	8,224	8,224	0	0	0	0
Proceeds From Capital Lease	155,787	155,787	0	0	0	0
Refund of Prior Year Expenditures	243	243	0	0	0	0
Refund of Prior Year Receipts	0	0	0	(21,140)	(21,140)	0
Operating Transfers In	387,214	387,214	0	36,395	36,395	0
Operating Transfers (Out)	(500,664)	(500,664)	0	(36,395)	(36,395)	0
Total Other Financing Sources (Uses)	50,804	50,804	0	(21,140)	(21,140)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	1,714,055	1,714,055	0	(101,694)	(101,694)	0
Fund Balance, July 1, 2001	6,395,266	6,395,266	0	543,936	543,936	0
Prior Year Encumbrances Appropriated	472,023	472,023	0	57,497	57,497	0
Fund Balance, June 30, 2002	\$8,581,344	\$8,581,344	\$0	\$499,739	\$499,739	\$0

The notes to the financial statements are an integral part of this statement.

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS			TOTALS (MEMORANDUM ONLY)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$11,884,873	\$11,884,873	\$0
0	0	0	0	0	0	192,550	192,550	0
0	0	0	0	0	0	11,280	11,280	0
207	207	0	2,707	2,707	0	359,485	359,485	0
0	0	0	0	0	0	257,040	257,040	0
0	0	0	0	0	0	150,275	150,275	0
0	0	0	6,000	6,000	0	11,205,055	11,205,055	0
0	0	0	0	0	0	873,804	873,804	0
207	207	0	8,707	8,707	0	24,514,142	24,514,142	0
0	0	0	0	0	0	10,386,304	10,386,304	0
0	0	0	0	0	0	1,904,183	1,904,183	0
0	0	0	0	0	0	555	555	0
0	0	0	0	0	0	322,799	322,799	0
0	0	0	0	0	0	1,203,281	1,203,281	0
0	0	0	52,098	52,098	0	1,605,331	1,605,331	0
0	0	0	0	0	0	61,992	61,992	0
0	0	0	0	0	0	1,587,067	1,587,067	0
0	0	0	0	0	0	642,873	642,873	0
0	0	0	0	0	0	2,324,709	2,324,709	0
0	0	0	0	0	0	1,607,823	1,607,823	0
0	0	0	0	0	0	80,883	80,883	0
0	0	0	0	0	0	546,417	546,417	0
0	0	0	30,000	30,000	0	750,412	750,412	0
100,000	100,000	0	0	0	0	100,000	100,000	0
13,250	13,250	0	0	0	0	13,250	13,250	0
113,250	113,250	0	82,098	82,098	0	23,117,879	23,117,879	0
(113,043)	(113,043)	0	(73,391)	(73,391)	0	1,396,263	1,396,263	0
0	0	0	0	0	0	8,224	8,224	0
0	0	0	0	0	0	155,787	155,787	0
0	0	0	0	0	0	243	243	0
0	0	0	(103)	(103)	0	(21,243)	(21,243)	0
113,250	113,250	0	0	0	0	536,859	536,859	0
0	0	0	0	0	0	(537,059)	(537,059)	0
113,250	113,250	0	(103)	(103)	0	142,811	142,811	0
207	207	0	(73,494)	(73,494)	0	1,539,074	1,539,074	0
8,974	8,974	0	146,330	146,330	0	7,094,506	7,094,506	0
0	0	0	19,020	19,020	0	548,540	548,540	0
\$9,181	\$9,181	\$0	\$91,858	\$91,858	\$0	\$9,182,120	\$9,182,120	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2002**

	PROPRIETARY	FIDUCIARY	Totals (Memorandum only)
	FUND TYPE	FUND TYPE	
	Enterprise	Non-expendable Trust	
Operating Revenues:			
Tuition and fees	\$153,279	\$0	\$153,279
Sales	611,798	0	611,798
Miscellaneous	8,291	0	8,291
Total Operating Revenues	773,368	0	773,368
Operating Expenses:			
Salaries and wages	340,928	0	340,928
Fringe benefits	113,174	0	113,174
Contract services	16,355	0	16,355
Supplies	559,019	0	559,019
Depreciation	5,017	0	5,017
Other operating expenses	2,334	0	2,334
Total Operating Expenses	1,036,827	0	1,036,827
Operating (Loss)	(263,459)	0	(263,459)
Nonoperating Revenues:			
Operating grants - state and local	12,883	0	12,883
Operating grants - federal	206,379	0	206,379
Donated commodities	48,031	0	48,031
Interest revenue	2,586	4	2,590
Total Nonoperating Revenues	269,879	4	269,883
Net Income	6,420	4	6,424
Retained Earnings/Fund Balance, July 1, 2001	320,248	183	320,441
Retained Earnings/Fund Balance, June 30, 2002	\$326,668	\$197	\$326,865

The notes to the financial statements are an integral part of this statement.

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**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2002**

	PROPRIETARY	FIDUCIARY	Totals (Memorandum only)
	FUND TYPE	FUND TYPE	
	Enterprise	Non-expendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$150,568	\$0	\$150,568
Cash received from sales	611,598	0	611,598
Cash received from miscellaneous	7,704	0	7,704
Cash payments for personal services	(453,082)	0	(453,082)
Cash payments for contract services	(15,603)	0	(15,603)
Cash payments for supplies and materials	(504,874)	0	(504,874)
Cash payments for miscellaneous	(2,334)	0	(2,334)
Net cash (used for) operating activities	(206,023)	0	(206,023)
Cash flows from noncapital financing activities:			
Cash received from operating grants	189,601	0	189,601
Net cash provided by noncapital financing activities	189,601	0	189,601
Cash flows from capital financing activities:			
Cash payments for capital acquisitions	(10,015)	0	(10,015)
Net cash (used for) capital financing activities	(10,015)	0	(10,015)
Cash flows from investing activities:			
Cash received from interest	2,947	4	2,951
Net cash provided by investing activities	2,947	4	2,951
Net increase (decrease) in cash and cash equivalents	(23,490)	4	(23,486)
Cash and cash equivalents at beginning of year	366,535	193	366,728
Cash and cash equivalents at end of year	\$343,045	\$197	\$343,242
Reconciliation of operating (loss) to net cash (used for) operating activities:			
Operating (loss)	(\$263,459)	\$0	(\$263,459)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:			
Depreciation	5,017	0	5,017
Donated commodities used	48,031	0	48,031
Changes in assets and liabilities:			
(Increase) in accounts receivables	(3,530)	0	(3,530)
(Increase) in material and supplies inventory	(174)	0	(174)
Increase in accounts payable	6,328	0	6,328
(Decrease) in accrued wages & benefits	(2,523)	0	(2,523)
Increase in compensated absences payable	3,543	0	3,543
Increase in deferred revenue	744	0	744
Net cash (used for) operating activities	(\$206,023)	\$0	(\$206,023)

The notes to the financial statements are an integral part of this statement.

**TALAWANDA SCHOOL DISTRICT, OHIO
RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO COMBINED BALANCE SHEET - NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002**

Combined Balance Sheet		
Equity in Pooled Cash and Investments		
All Fiduciary Fund Types - Trust and Agency		\$124,989
Less:		
Trust and Agency Funds Reported on Combined Balance Sheet		
which are not Reported in Statement of Cash Flows:		
Equity in Pooled Cash and Investments:		
Expendable Trust Funds:		
General Trust Fund		50,361
Agency Funds:		
Student Activity Fund	63,755	
Unclaimed Monies Fund	10,676	74,431
Total Trust and Agency Funds not Reported		124,792
on Statement of Cash Flows		
Combined Statement of Cash Flows:		
Cash and Cash Equivalents at end of year		
Non Expendable Trust Fund		<u><u>\$197</u></u>

The notes to the financial statements are an integral part of this statement.

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

NOTE A -- DESCRIPTION OF THE DISTRICT

The District was originally chartered by the Ohio State Legislature. In 1853 State Laws were enacted to create Local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 138 non-certificated personnel and 241 certificated full time teaching and administrative personnel to provide services to students and other community members. It currently operates 3 elementary schools (one school for grades K-3, one for grades K-4 and one for grades 4-5), 1 middle school (grades 6-8), and 1 comprehensive high school (grades 9-12).

NOTE B -- 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's significant accounting policies are described below.

THE REPORTING ENTITY

For financial reporting purposes the District's financial statements include all funds, account groups, and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

1. The District appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific financial burdens on the District; OR
2. The organization is fiscally dependent upon the District; OR
3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements misleading.

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

The following organizations do not meet the above component unit criteria and, therefore, are excluded from the accompanying financial statements:

City of Oxford Ohio- The city government of Oxford is a separate body politic and corporate. A mayor and council are elected independent of any District relationships, and administer the provisions of traditional city services. Council acts as the taxing authority for these City services.

Private School- McGuffey Foundation is a private school located within the boundaries of the District.

Private schools, within the boundaries of the District, are operated independently of the District. Current state legislation provides funding to these private schools. These moneys are received and disbursed on behalf of the private schools by the Treasurer of the District as directed by the State of Ohio. The accounting for these receipts and disbursements is reflected in a Special Revenue Fund of the District as required by Ohio Law, but the private schools' operations are not reflected in the financial statements.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the District:

Governmental Funds- Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types:

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest related costs; and for the payment of interest on general obligation notes payable, as required by Ohio Law.

Capital Projects Funds

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

Proprietary Funds- Proprietary Funds are used to account for the District's ongoing activities, which are similar to those most often found in the private sector. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The following is the District's Proprietary Fund Type:

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the government body is that the cost (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds- Fiduciary Funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Nonexpendable Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

Account Groups- To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds and Trust Funds.

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Funds and Trust Funds.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All Governmental Fund Types and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary Funds and Non-Expendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of Accounting: The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, accounts and grants.

The School District reports deferred revenues on its combined balance sheet that arise when revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002 that are intended to finance fiscal year 2003 operations, and delinquent property taxes, whose availability is indeterminable have been recorded 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund type and nonexpendable trust funds utilize the accrual basis of accounting for reporting purposes. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

BUDGETARY DATA

Budgetary basis of accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when encumbered, or paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the final appropriation, which includes amendments to the original appropriation, for each fund type by expenditure function and revenue by source are presented in the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual (Non-GAAP Budgetary Basis)*. The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons.

The District adopts an annual budget for all Governmental Fund Types. The specific timetable is as follows:

Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

conducted to obtain taxpayers comments. The expressed purpose of this budget document is to reflect the need for existing or increasing tax rates.

By no later than January 20, the board-adopted budget is filed with the Butler County Budget Commission for tax rate determination.

Prior to March 15, the Board of Education accepts by formal resolution, the tax rate as determined by the Budget Commission and receives the Commission Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate.

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/ functions and funds completed the year within the amount of their legally authorized appropriation.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2001-02 and none were significant.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

The original appropriation measure was reduced during the year by \$490,727.

ENCUMBRANCES

Encumbrance accounting is utilized by District Funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note N provides a reconciliation of the budgetary basis and GAAP basis of accounting.

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

CASH AND INVESTMENTS

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2002, investments were limited to repurchase agreements and Federal Agency Securities.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be reported at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments, other than repurchase agreements, held at June 30, 2002 at the fair value. Repurchase agreements are reported at cost.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance. Investment income earned in fiscal 2002 totaled \$358,140.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

An analysis of the Treasurer's investment account at year-end, June 30, 2002 is provided in Note D.

RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. A fund balance reserve has also been established. While the district is not required to maintain the budget stabilization reserve fund, the Board of Education has decided to maintain the fund for the fiscal year ended June 30, 2002.

INVENTORY (MATERIALS AND SUPPLIES)

Inventories are valued at cost (first-in, first-out method) and are determined by physical count. Inventories are expensed when used rather than when purchased.

FIXED ASSETS AND DEPRECIATION

General Fixed Assets Account Group- General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000. No depreciation is recognized on assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

Proprietary Funds - Property, plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives

<u>ASSET</u>	<u>LIFE (YEARS)</u>
Furniture, Fixtures and Equipment	05 to 20

INTERFUND TRANSACTIONS

During the course of normal operations the District has numerous transactions between funds. The most significant include:

Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.

Reimbursements from one fund to another fund are treated as an expenditure/expense in the reimbursing fund, and a reduction of expenditure/expense in the reimbursed fund.

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long-term advances as of June 30, 2002.

COMPENSATED ABSENCES

Compensated absences are accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-certified</u>
How Earned	Not Eligible	20 days at start of each contract year.	5-25 days per year depending on length of service accumulated monthly
Maximum Accumulation	Not Applicable	60 days unless otherwise stated in the contract.	75 days
Vested	Not Applicable	As Earned	As Earned
Termination Entitlements	Not Applicable	Paid Upon Termination	Paid Upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	188 days	260 days	188 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective proprietary fund.

LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- cont'd

FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund equity reserves are established for encumbrances, property taxes, prepaid items, and budgetary set-asides required under Ohio Law.

MEMORANDUM ONLY-TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ESTIMATES

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

NOTE C--RESTATEMENT OF ACCOUNT GROUP BALANCE

During 2002, the District obtained a reappraisal of its fixed asset system. The effect of this change on the General Fixed Assets Account Group for the year ended June 30, 2001 is as follows:

The General Fixed Assets Account Group total assets increased from \$25,315,681 to \$30,967,632 as of June 30, 2001 due to restatement.

NOTE D--EQUITY IN POOLED CASH & INVESTMENTS

State Statute requires the classification of moneys held by the District into three categories:

Active Moneys - Those moneys required to be kept in a "cash" or "near cash" status for immediate use by the District. Such moneys must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or money market deposit accounts.

Inactive Moneys - Those moneys not required for use within the current two-year period of designated depositories. Ohio law permits inactive moneys 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 Moneys - Those moneys 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 moneys to be invested or deposited in the following securities:

NOTE D--EQUITY IN POOLED CASH & INVESTMENTS cont'd

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited , the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool (STAR Ohio);
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk:

Deposits:

At year-end, the carrying amount of the District's deposits was (\$342,733). The bank balance of deposits was \$13,950, of which \$13,950 was covered by federal depository insurance. Any remaining bank balance would be covered according to Chapter 135, Uniform Depository Act, of the Ohio Revised Code, which authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public moneys deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance. This entire amount is defined by GASB Statement No. 3 as uncollateralized because the pooled securities are not in the District's name.

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE D--EQUITY IN POOLED CASH & INVESTMENTS cont'd

Investments:

The District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are issued 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. The District's investments in STAR Ohio and mutual fund money market accounts are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Based on the above criteria, the District's investments at June 30, 2002 are classified as follows:

<u>Investments</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreements	\$0	\$1,427,706	\$1,427,706
U.S. Agency Securities	6,336,096	0	6,336,096
Mutual Fund-Money Markets	N/A	N/A	20,595
STAR Ohio	N/A	N/A	2,631,637
Total	<u>\$6,336,096</u>	<u>\$1,427,706</u>	<u>\$10,416,034</u>

During the year the District invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 2002.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>	<u>Carrying Amount</u>
GASB Statement No. 9	\$3,737,205	\$6,336,096	\$10,073,301
Investments:			
STAR Ohio	(2,631,637)	2,631,637	
Repurchase agreement	(1,427,706)	1,427,706	
Mutual fund-money market	<u>(20,595)</u>	<u>20,595</u>	
GASB Statement No. 3	<u>\$ (342,733)</u>	<u>\$10,416,034</u>	<u>\$10,073,301</u>

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE E -- PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2002 were as follows:

Tangible Personal and Public Utility Personal	\$ 37,475,420
Public Utility Real and Real Estate	408,210,230
Total Assessed Property Value	<u>\$445,685,650</u>

In 2002, real property taxes were levied in January on the assessed values as of January 1, 2001, the lien date. Assessed values are established by the County Auditor at 35% of an appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January, 1997. The most recent statistical update was completed in January, 2000. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2002, each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed to the District by the State.

Real property taxes are payable annually or semi-annually. In 2002, if paid annually, payment was due by February 8th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due February 8th with the remainder due on July 12th.

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 represents real property, personal property, and public utility taxes, which became measurable as of the current year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available for an advance at June 30, 2002 is intended to finance current operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available for advance and recognized as revenue for the current year-end was \$722,706.

NOTE F--FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2002</u>
Land/Improvements	\$ 2,277,453	\$ 7,570	\$ 0	\$2,285,023
Bldg/Bldg Improvements	21,260,945	163,819	44,359	21,380,405
Furniture/Equipment	5,450,770	282,296	37,736	5,695,330
Vehicles	680,278	57,660	171,000	566,938
Educational Media Books - Tapes	1,298,186	0	0	1,298,186
Total	<u>\$ 30,967,632</u>	<u>\$511,345</u>	<u>\$253,095</u>	<u>\$31,225,882</u>

A summary of the Proprietary Fund fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$81,970
Less Accumulated Depreciation	<u>(36,304)</u>
Net Fixed Assets- Proprietary Fund	<u>\$45,666</u>

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE G -- RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts and intergovernmental receivables and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

<u>Fund</u>	<u>Type of Receivable</u>	<u>Amount</u>
General Fund	Taxes	\$12,027,685
	Accounts	82,717
	Accrued Interest	15,227
Special Revenue	Accounts	11,483
	Intergovernmental - Federal	5,463
Debt Service	Accrued Interest	14
Capital Projects	Accrued Interest	137
Enterprise Funds	Accounts	5,034
	Intergovernmental - Federal	29,661
	Accrued Interest	309
Trust & Agency	Accrued Interest	37

NOTE H-- GENERAL LONG-TERM OBLIGATIONS

The current obligations bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

The Following is a description of the District's bonds outstanding as of June 30, 2002:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance	New Issues	Retired	Balance
				June 30, 2001			June 30, 2002
Facilities	5.000%	7-01-93	10-01-03	\$315,000	\$0	\$100,000	\$215,000
				\$315,000	\$0	\$100,000	\$215,000

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE H-- GENERAL LONG-TERM OBLIGATIONS cont'd

The annual maturities of the general obligation bonds as of June 30, 2002 and related interest payments are as follows:

Year Ending	Principal	Interest	Total
2003	105,000	8,125	113,125
2004	110,000	2,750	112,750
	<u>\$ 215,000</u>	<u>\$10,875</u>	<u>\$225,875</u>

During the year ended June 30, 2002 the following changes occurred in liabilities reported in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2002</u>
Compensated Absences:				
Sick Leave and Vacation Leave	\$ 661,585	\$ 9,608	\$ 0	\$ 671,193
Accrued Wages and Benefits:				
School Employees Retirement	186,432	0	2,419	184,013
Capital Lease Obligation:				
Capital Lease	0	159,000	0	159,000
General Obligation Debt:				
Bonds	315,000	0	100,000	215,000
Total	<u>\$ 1,163,017</u>	<u>\$168,608</u>	<u>\$102,419</u>	<u>\$ 1,229,206</u>

NOTE I--LEGAL DEBT MARGIN

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

The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$39,896,709 and an unvoted debt margin of \$445,686.

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE J--SEGMENT INFORMATION

Enterprise Funds - The District maintains two Enterprise Funds to account for the operations of Food Service and Uniform School Supply. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenues	\$620,089	\$153,279	\$773,368
Operating expenses before depreciation	878,158	153,652	1,031,810
Depreciation	<u>5,017</u>	<u>-0-</u>	<u>5,017</u>
Operating (Loss)	\$(263,086)	\$ (373)	\$(263,459)
Operating Grants	219,262	-0-	219,262
Interest	2,586	-0-	2,586
Donated Commodities	<u>48,031</u>	<u>-0-</u>	<u>48,031</u>
Net Income/(Loss)	<u>\$ 6,793</u>	<u>\$ (373)</u>	<u>\$ 6,420</u>
Net Working Capital	\$178,142	\$102,860	\$281,002
Total Assets	\$332,722	\$110,844	\$443,566
Total Liability	\$108,914	\$7,984	\$116,898
Total Equity	\$223,808	\$102,860	\$326,668

NOTE K -- CAPITALIZED LEASES

During fiscal year 2002 the District entered into a capital lease for the acquisition of fitness equipment. The terms of the agreement provide options to purchase the equipment. The lease meets 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 at the conclusion of the lease term. The cost of equipment acquired under this capital lease was \$159,000. There were no payments made during fiscal year 2002.

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE K – CAPITALIZED LEASES cont'd

The following is a schedule of the future minimum lease payments as required under the capital leases and the present value of the minimum lease payments as of June 30, 2002:

	<u>Governmental</u>
	<u>Capital Lease</u>
June 2003	\$ 29,251
June 2004	56,213
June 2005	56,364
June 2006	<u>27,460</u>
Total Payments	\$169,288
Less: Amounts representing Interest	<u>\$ 10,288</u>
Present Value of Minimum Lease Payments	\$159,000 =====

NOTE L--EMPLOYEE RETIREMENT SYSTEMS

All District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). District employees hired after April 1, 1986 are also currently covered under the Federal Social Security Act for the Medicare portion only. The District's employer contributions to both systems are based on a percentage of employees salaries. State law requires the District to pay the employer share as determined by each Retirement System.

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credits to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. Their contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the year ending June 30, 2002, 2001, and 2000 were \$503,784, \$481,062, and \$461,598, respectively; 50% has been contributed for fiscal year 2002 and 100% for fiscal years 2001 and 2000.

STATE TEACHERS RETIREMENT SYSTEM

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report

TALAWANDA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, cont.
FOR THE YEAR ENDED JUNE 30, 2002

NOTE L--EMPLOYEE RETIREMENT SYSTEMS cont'd

that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2002, 2001, and 2000 were \$1,484,544, \$1,444,308, and \$1,383,792, respectively, equal to the required contributions for each year; 83.3% has been contributed for fiscal year 2002 and 100% for fiscal years 2001 and 2000.

NOTE M – POSTEMPLOYMENT BENEFITS

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

The State Teacher Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the 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 percent of covered payroll. The Retirement Board allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.256 billion at June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.80 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE N--BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings 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 and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows on the next page:

Reconciliation of Excess of Revenues and Other Financing Sources
 Over (Under) Expenditures and Other Financing Uses From GAAP
 Basis to Budgetary Basis

<u>Governmental Fund Types</u>	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis	\$1,295,943	\$(95,935)	\$191	\$(56,061)
Net Adjustment for Revenue Accruals	440,551	2,849	16	199
Net Adjustment for Expenditure Accruals	347,111	29,513	0	(2,157)
Net Adjustment for Encumbrances	(369,550)	(38,121)	0	(15,475)
Budgetary Basis	<u>\$1,714,055</u>	<u>\$(101,694)</u>	<u>\$207</u>	<u>\$(73,494)</u>

NOTE O--COMPLIANCE AND ACCOUNTABILITY

State statute requires all funds to have expenditures and encumbrances within approved appropriation limits. All funds of the District had expenditures and encumbrances within the approved appropriations.

State statute also requires all funds to have appropriations within the total resources available per the Amended Certificate of Estimated Resources. All funds of the District had appropriations within the total resources available per the Amended Certificate of Estimated Resources.

NOTE P--JOINTLY GOVERNED ORGANIZATION

The Southwest Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of Ohio school Districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of the member Districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school Districts. The degree of control exercised by any participating school District is limited to its representation on the Board. The Board consists of one representative from each of the participating 29 school Districts. During the 2002 fiscal year the District paid \$50,848 to SWOCA for services. The financial statements for SWOCA are available at the Butler County Career Center, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45012.

NOTE Q--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 are 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 at June 30, 2002.

LEGAL PROCEEDINGS

The District is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The District's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the District.

SCHOOL FUNDING

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school Districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school Districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully fund parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order. The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school Districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE R--RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2002, the School District participated in the Ohio School Plan (OSP), an insurance purchasing pool for its liability insurance coverage. The OSP's business and affairs are conducted by a 13 member Board of Directors made up of school administrators. The pool is 100% reinsured and the District is provided general liability insurance with \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. An umbrella liability policy is also secured in the amount of \$2,000,000 each occurrence and aggregate. Buildings, contents, and school

TALAWANDA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, cont.
 FOR THE YEAR ENDED JUNE 30, 2002

NOTE R--RISK MANAGEMENT cont'd

vehicles are protected through a local insurance agent. 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 School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The School District has elected to provide employee medical/surgical benefits, dental, and life insurance through the Butler County Health Plan administered through Coresource.

NOTE S -- STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve*
Balance, Beginning of Year	\$0	\$0	\$491,172
Required Set-Aside	391,789	391,789	0
Offset Credits	0	0	0
Qualifying Expenditures	<u>(391,789)</u>	<u>(391,789)</u>	<u>288,296</u>
Balance, End of Year	\$0	\$0	\$202,876

Expenditures for textbook activity during the year totaled \$438,290, which exceeded the amount required for the set-aside.

Expenditures for capital activity during the year totaled \$769,240, which exceeded the amount required for the set-aside.

*The Ohio General Assembly changed the method in which Districts are required to maintain the Budget Stabilization Reserve. Effective April 10, 2001, each District Board of Education could choose to eliminate the Budget Stabilization Reserve with the exception of amounts received under the State's Workers' Compensation rebate program. The \$202,876 in the Budget Stabilization Reserve as of June 30, 2002 represents the amounts received under the State's Workers' Compensation rebate program.

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COMBINING FINANCIAL STATEMENTS

AND

INDIVIDUAL FUND

AND

ACCOUNT GROUPS

GENERAL FUND

The General Fund is used to account for all activities of the District not included in other specified funds. This includes, but is not limited to, general instruction, pupil services, operations and maintenance of buildings and grounds, pupil transportation, and the administration of District functions.

TALAWANDA SCHOOL DISTRICT, OHIO
 SCHEDULE OF EXPENDITURES
 BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	\$7,571,156	\$7,571,156	\$0
Fringe benefits	1,780,044	1,780,044	0
Purchased services	160,216	160,216	0
Supplies and materials	492,523	492,523	0
Equipment purchased	204,860	204,860	0
Other Expenditures	8,315	8,315	0
Total Regular	10,217,114	10,217,114	0
Special:			
Salaries and wages	1,230,938	1,230,938	0
Fringe benefits	291,804	291,804	0
Purchased services	4,290	4,290	0
Supplies and materials	8,413	8,413	0
Total Special	1,535,445	1,535,445	0
Other:			
Purchased services	322,799	322,799	0
Total Other	322,799	322,799	0
Support Services:			
Pupil:			
Salaries and wages	776,147	776,147	0
Fringe benefits	178,049	178,049	0
Purchased services	69,121	69,121	0
Supplies and materials	7,891	7,891	0
Equipment purchased	782	782	0
Total Pupil	1,031,990	1,031,990	0
Instructional Staff:			
Salaries and wages	903,338	903,338	0
Fringe benefits	374,525	374,525	0
Purchased services	33,286	33,286	0
Supplies and materials	94,078	94,078	0
Equipment purchased	13,022	13,022	0
Total Instructional Staff	1,418,249	1,418,249	0
General Administration:			
Salaries and wages	9,280	9,280	0
Fringe benefits	2,260	2,260	0
Purchased services	17,127	17,127	0
Other expenditures	33,325	33,325	0
Total General Administration	61,992	61,992	0

Cont'd

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF EXPENDITURES
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002 (Cont'd)**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
School Administration:			
Salaries and wages	1,019,943	1,019,943	0
Fringe benefits	289,984	289,984	0
Purchased services	97,253	97,253	0
Supplies and materials	35,184	35,184	0
Equipment purchased	7,506	7,506	0
Other expenditures	23,772	23,772	0
Total School Administration	1,473,642	1,473,642	0
Fiscal and Business:			
Salaries and wages	201,988	201,988	0
Fringe benefits	76,423	76,423	0
Purchased services	81,162	81,162	0
Supplies and materials	8,403	8,403	0
Equipment purchased	1,579	1,579	0
Other expenditures	273,318	273,318	0
Total Fiscal and Business	642,873	642,873	0
Operations and Maintenance:			
Salaries and wages	946,666	946,666	0
Fringe benefits	338,752	338,752	0
Purchased services	800,403	800,403	0
Supplies and materials	213,113	213,113	0
Equipment purchased	17,657	17,657	0
Total Operations and Maintenance	2,316,591	2,316,591	0
Pupil Transportation:			
Purchased services	1,470,999	1,470,999	0
Supplies and materials	114,100	114,100	0
Equipment purchased	22,724	22,724	0
Total Pupil Transportation	1,607,823	1,607,823	0
Central Services:			
Purchased services	28,152	28,152	0
Total Central Services	28,152	28,152	0
Extracurricular Activities:			
Salaries and wages	341,543	341,543	0
Fringe benefits	49,761	49,761	0
Purchased service	6,729	6,729	0
Equipment purchased	19,205	19,205	0
Total Extracurricular Activities	417,238	417,238	0
Capital Outlay:			
Purchased services	14,883	14,883	0
Equipment purchased	705,529	705,529	0
Total Capital Outlay	720,412	720,412	0
Total Expenditures	\$21,794,320	\$21,794,320	\$0

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources other than major capital projects or expendable trusts that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund.

Public School Support

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

Athletic

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs.

Auxiliary Service

A fund used to account for state funds which provide services and materials to pupils attending non-public schools within the boundaries of the District as provided for in state law. Expenditures are primarily for educational supplies, materials, and testing.

Professional Development Grant

To account for state funds which are provided for staff development for certificated employees.

Management Information System

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

Disadvantaged Pupil Impact Aid (DPIA)

To account for state funds which are designated to assist economically disadvantaged children in the learning process.

State Connectivity

To account for state funds to provide for networking connectivity.

School Net Professional Development

To account for state funds which are provided for staff development in the area of technology.

Instructional Material Subsidy

To account for state funds to purchase instructional materials used to support proficiency test objectives.

Ohio Reads Grant

To account for state funds which are designated reading.

Summer School Subsidy

To account for state funds to provide for summer school instruction.

Extended Learning Initiative

To account for state funds to provide extended day learning opportunities for children and professional development opportunities for teachers.

Miscellaneous State Grants

To account for state funds which are designated for specific purposes.

Adult Basic Education

To account for instructional programs for persons 16 years of age and older who are not enrolled in school and who have less than a twelfth grade education or equivalent; development of basic educational skills; increase opportunities for useful employment; improvement of attitudes toward self, family and community.

Eisenhower Grant

To account for the training of teachers in new techniques and methodologies in the areas of mathematics and science.

Title VI-B

To account for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I

To account for services provided to meet special educational needs of educationally deprived children.

Title VI

To account for programs for the at-risk students; instruction materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

Drug Free Schools

To account for the establishment, operation and improvement of programs for drug abuse prevention, early intervention, rehabilitation referral and education in schools.

EHA Preschool Handicapped

To account for programs for preschool handicapped children.

ERATE

To account for federal funds which are designated for telecommunications.

Goals 2000

To account for federal funds which are designated to continue the implementation of the HSTW school improvement model.

Reducing Class Size

To account for federal funds which are designed to reduce class size.

Miscellaneous Federal Grants

To account for federal funds which are designated for specific purposes. One particular program is for the development of a School to Work model curriculum for grades kindergarten through adult.

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TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2002

	Public School Support	Athletic	Auxiliary Service	Professional Development	Management Information System
ASSETS:					
Equity in pooled cash and cash equivalent:	\$142,158	\$69,754	\$36,746	\$5,496	\$30,935
Receivables:					
Accounts	9,773	1,710	0	0	0
Intergovernmental	0	0	0	0	0
TOTAL ASSETS	\$151,931	\$71,464	\$36,746	\$5,496	\$30,935
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts payable	\$8,357	\$8,122	\$8,823	\$0	\$137
Accrued wages and benefits	47	143	0	107	0
Total Liabilities	8,404	8,265	8,823	107	137
Fund Equity:					
Fund Balances:					
Reserved-					
Reserved for encumbrances	9,710	2,227	541	603	491
Unreserved-					
Undesignated	133,817	60,972	27,382	4,786	30,307
Total Fund Equity	143,527	63,199	27,923	5,389	30,798
TOTAL LIABILITIES AND FUND EQUITY	\$151,931	\$71,464	\$36,746	\$5,496	\$30,935

Disadvantaged Pupil Impact Aid	State Connectivity	SchoolNet Professional Development	Instructional Material Subsidy	Ohio Reads Grant	Summer School Subsidy	Extended Learning	Miscellaneous State Grants
\$38,860	\$9,500	\$3,129	\$169	\$1,000	\$4,182	\$6,848	\$3,494
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
\$38,860	\$9,500	\$3,129	\$169	\$1,000	\$4,182	\$6,848	\$3,494

\$419	\$0	\$500	\$0	\$0	\$2,049	\$0	\$65
0	0	0	0	0	405	217	0
419	0	500	0	0	2,454	217	65

711	0	0	0	0	0	0	0
37,730	9,500	2,629	169	1,000	1,728	6,631	3,429
38,441	9,500	2,629	169	1,000	1,728	6,631	3,429
\$38,860	\$9,500	\$3,129	\$169	\$1,000	\$4,182	\$6,848	\$3,494

Cont'd

TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2002

	Adult Basic Education	Eisenhower Grant	Title VI B	Title I	Title VI
ASSETS:					
Equity in pooled cash and cash equivalent:	\$0	\$13,226	\$38,137	\$57,296	\$15,069
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	0	0
TOTAL ASSETS	\$0	\$13,226	\$38,137	\$57,296	\$15,069
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts payable	\$0	\$0	\$1,701	\$0	\$0
Accrued wages and benefits	0	19	13,592	45,524	138
Total Liabilities	0	19	15,293	45,524	138
Fund Equity:					
Fund Balances:					
Reserved-					
Reserved for encumbrances	0	0	718	229	2,118
Unreserved-					
Undesignated	0	13,207	22,126	11,543	12,813
Total Fund Equity	0	13,207	22,844	11,772	14,931
TOTAL LIABILITIES AND FUND EQUITY	\$0	\$13,226	\$38,137	\$57,296	\$15,069

Drug Free Schools	EHA Preschool Handicapped	Erate	Goals 2000	Class Size Reduction Grant	Misc. Federal Grants	Total
\$0	\$227	\$31,755	\$0	\$21,370	\$8,510	\$537,861
0	0	0	0	0	0	11,483
0	0	5,463	0	0	0	5,463
\$0	\$227	\$37,218	\$0	\$21,370	\$8,510	\$554,807

\$0	\$0	\$0	\$0	\$0	\$51	\$30,224
0	0	0	0	11,978	0	72,170
0	0	0	0	11,978	51	102,384

0	0	0	0	0	1,254	\$18,602
0	227	37,218	0	9,392	7,205	433,811
0	227	37,218	0	9,392	8,459	452,413
\$0	\$227	\$37,218	\$0	\$21,370	\$8,510	\$554,807

TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2002

	Public School Support	Athletic	Auxiliary Service	Professional Development	Management Information System
Revenues:					
From local sources:					
Extracurricular activities	\$104,305	\$76,792	\$0	\$0	\$0
Other local revenue	37,016	33,139	0	0	0
Intergovernmental - State and Local	0	0	48,699	0	15,682
Intergovernmental - Federal	0	0	0	0	0
Total Revenues	141,321	109,931	48,699	0	15,682
Expenditures:					
Current:					
Instruction:					
Regular	4,478	0	0	0	0
Special	0	0	0	0	0
Adult	0	0	0	0	0
Support services:					
Pupil	139,513	0	0	0	0
Instructional staff	23,280	0	0	6,002	4,748
School administration	0	0	0	0	0
Operations and maintenance	0	714	0	0	0
Community Services	0	0	49,560	0	0
Extracurricular activities	0	127,852	0	0	0
Total Expenditures	167,271	128,566	49,560	6,002	4,748
Excess (deficiency) of revenues over (under) expenditures	(25,950)	(18,635)	(861)	(6,002)	10,934
Fund balance, July 1, 2001	169,477	81,834	28,784	11,391	19,864
Fund balance, June 30, 2002	\$143,527	\$63,199	\$27,923	\$5,389	\$30,798

Disadvantaged Pupil Impact Aid	State Connectivity	SchoolNet Professional Development	Instructional Material Subsidy	Ohio Reads Grant	Summer School Subsidy	Extended Learning	Miscellaneous State Grants
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
26,907	3,500	4,142	0	8,477	0	0	3,430
0	0	0	0	0	0	0	0
26,907	3,500	4,142	0	8,477	0	0	3,430
0	0	4,486	0	9,500	21,065	0	0
13,013	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	3,000	0	0	1,000	0	0	0
0	0	235	0	0	901	18,456	415
0	0	1,240	0	0	0	0	0
0	0	0	0	0	0	0	7,368
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
13,013	3,000	5,961	0	10,500	21,966	19,456	7,783
13,894	500	(1,819)	0	(2,023)	(21,966)	(19,456)	(4,353)
24,547	9,000	4,448	169	3,023	23,694	26,087	7,782
\$38,441	\$9,500	\$2,629	\$169	\$1,000	\$1,728	\$6,631	\$3,429

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TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2002

	Adult Basic Education	Eisenhower Grant	Title VI B	Title I	Title VI
Revenues:					
From local sources:					
Extracurricular activities	\$0	\$0	\$0	\$0	\$0
Other local revenue	0	0	0	0	0
Intergovernmental - State and Local	0	0	0	0	0
Intergovernmental - Federal	0	17,431	199,097	326,440	9,436
Total Revenues	0	17,431	199,097	326,440	9,436
Expenditures:					
Current:					
Instruction:					
Regular	0	0	0	0	13,893
Special	0	0	29,595	340,480	0
Adult	4,742	0	0	0	0
Support services:					
Pupil	0	0	12,690	0	0
Instructional staff	406	16,899	48,247	4,420	0
School administration	0	500	113,238	0	0
Operations and maintenance	0	0	0	0	0
Community Services	0	0	0	2,814	0
Extracurricular activities	0	0	0	0	0
Total Expenditures	5,148	17,399	203,770	347,714	13,893
Excess (deficiency) of revenues over (under) expenditures	(5,148)	32	(4,673)	(21,274)	(4,457)
Fund balance, July 1, 2001	5,148	13,175	27,517	33,046	19,388
Fund balance, June 30, 2002	\$0	\$13,207	\$22,844	\$11,772	\$14,931

Drug Free Schools	EHA Preschool Handicapped	Erate	Goals 2000	Class Size Reduction Grant	Misc. Federal Grant	Total
\$0	\$0	\$0	\$0	\$0	\$0	\$181,097
0	0	0	0	0	0	70,155
0	0	0	0	0	0	110,837
12,933	5,483	10,930	0	88,464	0	670,214
12,933	5,483	10,930	0	88,464	0	1,032,303
12,933	0	0	1,853	79,072	3,203	150,483
0	0	0	0	0	0	383,088
0	0	0	0	0	0	4,742
171	0	0	0	0	0	156,374
0	5,256	0	0	0	0	130,265
0	0	0	0	0	0	114,978
0	0	0	0	0	0	8,082
0	0	0	0	0	0	52,374
0	0	0	0	0	0	127,852
13,104	5,256	0	1,853	79,072	3,203	1,128,238
(171)	227	10,930	(1,853)	9,392	(3,203)	(95,835)
171	0	26,288	1,853	0	11,662	548,348
\$0	\$227	\$37,218	\$0	\$9,392	\$8,459	\$452,413

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Extracurricular activities	\$102,561	\$102,561	\$0
Other local revenue	37,410	37,410	0
Total Revenues	139,971	139,971	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	1,960	1,960	0
Fringe benefits	291	291	0
Purchased services	21	21	0
Supplies and materials	2,159	2,159	0
Total Regular	4,431	4,431	0
Support Services:			
Pupil:			
Purchased services	54,343	54,343	0
Supplies and materials	70,704	70,704	0
Equipment purchased	20,464	20,464	0
Other expenditures	9,178	9,178	0
Total Pupil	154,689	154,689	0
Instructional Staff:			
Supplies and materials	23,938	23,938	0
Total Instructional Staff	23,938	23,938	0
Total Expenditures	183,058	183,058	0
Excess (deficiency) of revenues over (under) expenditures	(43,087)	(43,087)	0
Fund Balance, July 1, 2001	153,396	153,396	0
Prior Year Encumbrances Appropriated	19,466	19,466	0
Fund Balance, June 30, 2002	\$129,775	\$129,775	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
ATHLETIC SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Extracurricular activities	\$78,291	\$78,291	\$0
Other local revenues	41,296	41,296	0
Total Revenues	119,587	119,587	0
Expenditures:			
Current:			
Operations and Maintenance:			
Purchased services	750	750	0
Total Operations and Maintenance	750	750	0
Extracurricular Activities:			
Salaries and wages	8,095	8,095	0
Fringe benefits	936	936	0
Purchased services	48,184	48,184	0
Supplies and materials	7,566	7,566	0
Equipment purchased	27,642	27,642	0
Other Expenditures	36,756	36,756	0
Total Extracurricular Activities	129,179	129,179	0
Total Expenditures	129,929	129,929	0
Excess (deficiency) of revenues over (under) expenditures	(10,342)	(10,342)	0
Other Financing Sources (Uses)			
Operating transfers in	8,260	8,260	0
Operating transfers (out)	(8,260)	(8,260)	0
Total Other Financing Sources (Uses)	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(10,342)	(10,342)	0
Fund Balance, July 1, 2001	70,603	70,603	0
Prior Year Encumbrances Appropriated	5,096	5,096	0
Fund Balance, June 30, 2002	\$65,357	\$65,357	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
AUXILIARY SERVICE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State and Local	\$49,334	\$49,334	\$0
Total Revenues	49,334	49,334	0
Expenditures:			
Current:			
Community Services:			
Supplies and materials	36,942	36,942	0
Equipment purchased	13,199	13,199	0
Total Community	50,141	50,141	0
Total Expenditures	50,141	50,141	0
Excess (deficiency) of revenues over (under) expenditures	(807)	(807)	0
Other Financing Sources (Uses)			
Refund of prior year receipts	(635)	(635)	0
Total Other Financing Sources (Uses)	(635)	(635)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(1,442)	(1,442)	0
Fund Balance, July 1, 2001	693	693	0
Prior Year Encumbrances Appropriated	28,131	28,131	0
Fund Balance, June 30, 2002	\$27,382	\$27,382	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
PROFESSIONAL DEVELOPMENT GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Support Service:			
Instructional Staff:			
Salaries and wages	3,940	3,940	0
Fringe benefits	667	667	0
Purchased services	1,129	1,129	0
Supplies and materials	1,002	1,002	0
Total Instructional Staff	<u>6,738</u>	<u>6,738</u>	<u>0</u>
Total Expenditures	6,738	6,738	0
Excess (deficiency) of revenues over (under) expenditures	(6,738)	(6,738)	0
Fund Balance, July 1, 2001	11,351	11,351	0
Prior Year Encumbrances Appropriated	<u>281</u>	<u>281</u>	<u>0</u>
Fund Balance, June 30, 2002	<u><u>\$4,894</u></u>	<u><u>\$4,894</u></u>	<u><u>\$0</u></u>

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
MANAGEMENT INFORMATION SYSTEM SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State and Local	\$15,682	\$15,682	\$0
Total Revenues	15,682	15,682	0
Expenditures:			
Current:			
Instruction:			
Support Service:			
Instructional Staff:			
Salaries and wages	937	937	0
Purchased services	2,216	2,216	0
Supplies and materials	528	528	0
Equipment purchased	1,557	1,557	0
Total Instructional Staff	5,238	5,238	0
Total Expenditures	5,238	5,238	0
Excess (deficiency) of revenues over (under) expenditures	10,444	10,444	0
Fund Balance, July 1, 2001	19,399	19,399	0
Prior Year Encumbrances Appropriated	465	465	0
Fund Balance, June 30, 2002	\$30,308	\$30,308	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
DISADVANTAGED PUPIL IMPACT AID SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State and Local	\$26,907	\$26,907	\$0
Total Revenues	26,907	26,907	0
Expenditures:			
Current:			
Instruction:			
Special			
Fringe benefits	32	32	0
Purchased service	13,735	13,735	0
Total Special	13,767	13,767	0
Total Expenditures	13,767	13,767	0
Excess (deficiency) of revenues over (under) expenditures	13,140	13,140	0
Fund Balance, July 1, 2001	24,590	24,590	0
Fund Balance, June 30, 2002	\$37,730	\$37,730	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE NETWORKING CONNECTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State and Local	\$3,500	\$3,500	\$0
Total Revenues	3,500	3,500	0
Expenditures:			
Current:			
Support Services:			
Pupil Support:			
Purchased services	3,000	3,000	0
Total Pupil Support	3,000	3,000	0
Total Expenditures	3,000	3,000	0
Excess (deficiency) of revenues over (under) expenditures	500	500	0
Fund Balance, July 1, 2001	9,000	9,000	0
Fund Balance, June 30, 2002	\$9,500	\$9,500	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 200**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State-Local	\$4,142	\$4,142	\$0
Total Revenues	4,142	4,142	0
Expenditures:			
Current:			
Instruction:			
Regular			
Salaries and wages	1,800	1,800	0
Purchased services	2,686	2,686	0
Total Regular	4,486	4,486	0
Support Services:			
Instructional Staff:			
Supplies and materials	235	235	0
Total Instructional Staff	235	235	0
School Administration			
Purchased services	1,240	1,240	0
Total School Administration	1,240	1,240	0
Total Expenditures	5,961	5,961	0
Excess (deficiency) of revenues over (under) expenditures	(1,819)	(1,819)	0
Fund Balance, July 1, 2001	4,447	4,447	0
Fund Balance, June 30, 2002	\$2,628	\$2,628	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
 INSTRUCTIONAL MATERIAL SUBSIDY FUND
 FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Total Expenditures	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0
Fund Balance, July 1, 2001	169	169	0
Fund Balance, June 30, 2002	<u>\$169</u>	<u>\$169</u>	<u>\$0</u>

**TALAWANDA CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
OHIO READS GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State-Local	\$11,500	\$11,500	\$0
Total Revenues	11,500	11,500	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	8,500	8,500	0
Supplies and materials	1,000	1,000	0
Total Regular	9,500	9,500	0
Support Services:			
Pupil:			
Salaries and wages	1,000	1,000	0
Total Pupil	1,000	1,000	0
Total Expenditures	10,500	10,500	0
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	0
Other Financing Sources (Uses)			
Refund of prior year receipts	(3,023)	(3,023)	0
Total Other Financing Sources (Uses)	(3,023)	(3,023)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(2,023)	(2,023)	0
Fund Balance, July 1, 2001	3,023	3,023	0
Fund Balance, June 30, 2002	\$1,000	\$1,000	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
SUMMER SCHOOL SUBSIDY FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	16,139	16,139	0
Fringe benefits	2,494	2,494	0
Supplies and materials	2,033	2,033	0
Total Regular	20,666	20,666	0
Support Service:			
Instructional Staff:			
Salaries and wages	771	771	0
Fringe benefits	108	108	0
Total Instructional Staff	879	879	0
Total Expenditures	21,545	21,545	0
Excess (deficiency) of revenues over (under) expenditures	(21,545)	(21,545)	0
Fund Balance, July 1, 2001	23,694	23,694	0
Fund Balance, June 30, 2002	\$2,149	\$2,149	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
EXTENDED LEARNING INITIATIVE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Support Service:			
Instructional Staff:			
Salaries and wages	8,263	8,263	0
Fringe benefits	1,335	1,335	0
Purchased services	7,692	7,692	0
Supplies and materials	2,026	2,026	0
Total Instructional Staff	<u>19,316</u>	<u>19,316</u>	0
Total Expenditures	19,316	19,316	0
Excess (deficiency) of revenues over (under) expenditures	(19,316)	(19,316)	0
Fund Balance, July 1, 2001	26,024	26,024	0
Prior Year Encumbrances Appropriated	<u>140</u>	<u>140</u>	0
Fund Balance, June 30, 2002	<u>\$6,848</u>	<u>\$6,848</u>	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS STATE GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State-Local	\$3,430	\$3,430	\$0
Total Revenues	3,430	3,430	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Purchased services	415	415	0
Total Regular	415	415	0
Operations and Maintenance:			
Purchased services	7,368	7,368	0
Total Operations and Maintenance	7,368	7,368	0
Total Expenditures	7,783	7,783	0
Excess (deficiency) of revenues over (under) expenditures	(4,353)	(4,353)	0
Fund Balance, July 1, 2001	7,388	7,388	0
Prior Year Encumbrances Appropriated	459	459	0
Fund Balance, June 30, 2002	\$3,494	\$3,494	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT BASIC EDUCATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Instruction:			
Adult:			
Salaries and wages	128	128	0
Fringe benefits	41	41	0
Supplies and materials	386	386	0
Total Adult	555	555	0
Support Services:			
Instructional Staff:			
Salaries and wages	745	745	0
Fringe benefits	19	19	0
Other Expenditures	17	17	0
Total Instructional Staff	781	781	0
Total Expenditures	1,336	1,336	0
Excess (deficiency) of revenues over (under) expenditures	(1,336)	(1,336)	0
Other Financing Sources (Uses):			
Refund of prior year receipts	(4,540)	(4,540)	0
Total Other Financing Sources (Uses)	(4,540)	(4,540)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(5,876)	(5,876)	0
Fund Balance, July 1, 2001	5,225	5,225	0
Prior Year Encumbrances Appropriated	651	651	0
Fund Balance, June 30, 2002	\$0	\$0	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
EISENHOWER GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$17,431	\$17,431	\$0
Total Revenues	17,431	17,431	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Salaries and wages	615	615	0
Fringe benefits	115	115	0
Purchased services	8,932	8,932	0
Supplies and materials	9,424	9,424	0
Total Instructional Staff	19,086	19,086	0
School Administration			
Supplies and materials	500	500	0
Total School Administration	500	500	0
Total Expenditures	19,586	19,586	0
Excess (deficiency) of revenues over (under) expenditures	(2,155)	(2,155)	0
Fund Balance, July 1, 2001	13,202	13,202	0
Fund Balance, June 30, 2002	\$11,047	\$11,047	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$199,862	\$199,862	\$0
Total Revenues	199,862	199,862	0
Expenditures:			
Instruction:			
Special:			
Salaries and wages	1,302	1,302	0
Fringe Benefits	198	198	0
Supplies and materials	13,531	13,531	0
Equipment	14,798	14,798	0
Total Special	29,829	29,829	0
Support Services:			
Pupil:			
Salaries and wages	10,694	10,694	0
Fringe benefits	1,737	1,737	0
Total Pupil	12,431	12,431	0
Instructional Staff:			
Salaries and wages	3,371	3,371	0
Fringe benefits	540	540	0
Purchased services	43,495	43,495	0
Supplies and materials	636	636	0
Total Instructional Staff	48,042	48,042	0
School Administration:			
Salaries and wages	76,548	76,548	0
Fringe benefits	27,392	27,392	0
Purchased services	4,764	4,764	0
Supplies and materials	2,981	2,981	0
Total School Administration	111,685	111,685	0
Total Expenditures	201,987	201,987	0
Excess (deficiency) of revenues over (under) expenditures	(2,125)	(2,125)	0
Other Financing Sources (Uses)			
Refund of prior year receipts	(765)	(765)	0
Total Other Financing Sources (Uses)	(765)	(765)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(2,890)	(2,890)	0
Fund Balance, July 1, 2001	38,477	38,477	0
Prior Year Encumbrances Appropriated	1,296	1,296	0
Fund Balance, June 30, 2002	\$36,883	\$36,883	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$326,440	\$326,440	\$0
Total Revenues	326,440	326,440	0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and wages	267,580	267,580	0
Fringe benefits	54,571	54,571	0
Purchased services	1,427	1,427	0
Supplies and materials	1,564	1,564	0
Total Special	325,142	325,142	0
Support Services:			
Instructional Staff:			
Salaries and wages	4,539	4,539	0
Fringe benefits	424	424	0
Supplies and materials	97	97	0
Total Instructional Staff	5,060	5,060	0
Central Services:			
Fringe Benefits	2,882	2,882	0
Total Central	2,882	2,882	0
Total Expenditures	333,084	333,084	0
Excess (deficiency) of revenues over (under) expenditures	(6,644)	(6,644)	0
Other Financing Sources (Uses):			
Operating transfers in	24,584	24,584	0
Operating transfers (out)	(24,584)	(24,584)	0
Total Other Financing Sources (Uses)	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(6,644)	(6,644)	0
Fund Balance, July 1, 2001	62,663	62,663	
Prior Year Encumbrances Appropriated	1,048	1,048	0
Fund Balance, June 30, 2002	\$57,067	\$57,067	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$17,524	\$17,524	\$0
Total Revenues	17,524	17,524	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,329	5,329	0
Fringe benefits	862	862	0
Purchased services	10,000	10,000	0
Supplies and materials	96	96	0
Total Regular	16,287	16,287	0
Central:			
Supplies and materials	(292)	(292)	0
Total Central	(292)	(292)	0
Total Expenditures	15,995	15,995	0
Excess (deficiency) of revenues over (under) expenditures	1,529	1,529	0
Other Financing Sources (Uses)			
Refund of prior year receipt	(8,088)	(8,088)	0
Total Other Financing Sources (Uses)	(8,088)	(8,088)	0
Excess (deficiency) of revenue and other financing sources over (Under) expenditures and other financing uses	(6,559)	(6,559)	0
Fund Balance, July 1, 2001	19,418	19,418	0
Prior Year Encumbrances Appropriated	92	92	0
Fund Balance, June 30, 2002	\$12,951	\$12,951	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG FREE SCHOOLS GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$12,933	\$12,933	\$0
Total Revenues	12,933	12,933	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	12,933	12,933	0
Total Regular	12,933	12,933	0
Support Services:			
Pupil:			
Purchased services	171	171	0
Total Pupil	171	171	0
Total Expenditures	13,104	13,104	0
Excess (deficiency) of revenues over (under) expenditures	(171)	(171)	0
Fund Balance, July 1, 2001	171	171	0
Fund Balance, June 30, 2002	\$0	\$0	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
EHA PRESCHOOL HANDICAPPED GRANT - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$5,483	\$5,483	\$0
Total Revenues	5,483	5,483	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Purchased services	4,732	4,732	0
Supplies and materials	524	524	0
Total Instructional Staff	5,256	5,256	0
Total Expenditures	5,256	5,256	0
Excess (deficiency) of revenues over (under) expenditures	227	227	0
Fund Balance, July 1, 2001	0	0	0
Fund Balance, June 30, 2002	\$227	\$227	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
ERATE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$5,467	\$5,467	\$0
Total Revenues	5,467	5,467	0
Expenditures:			
Total Expenditures	0	0	0
Excess (deficiency) of revenues over (under) expenditures	5,467	5,467	0
Fund Balance, July 1, 2001	26,288	26,288	0
Fund Balance, June 30, 2002	<u>\$31,755</u>	<u>\$31,755</u>	<u>\$0</u>

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
GOALS 2000 FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	694	694	0
Purchased services	553	553	0
Supplies and materials	674	674	0
Total Regular	1,921	1,921	0
Total Expenditures	1,921	1,921	0
Excess (deficiency) of revenues over (under) expenditures	(1,921)	(1,921)	0
Total Other Financing Sources (Uses)			
Refund of prior year receipts	(48)	(48)	0
Total Other Financing Sources (Uses)	(48)	(48)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,969)	(1,969)	0
Fund Balance, July 1, 2001	1,969	1,969	0
Fund Balance, June 30, 2002	\$0	\$0	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
REDUCING CLASS SIZE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$88,464	\$88,464	0
Total Revenues	88,464	88,464	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	53,872	53,872	0
Fringe benefits	13,222	13,222	0
Total Regular	67,094	67,094	0
Total Expenditures	67,094	67,094	0
Excess (deficiency) of revenues over (under) expenditures	21,370	21,370	0
Fund Balance, July 1, 2001	0	0	0
Fund Balance, June 30, 2002	\$21,370	\$21,370	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,395	5,395	0
Fringe benefits	37	37	0
Purchased services	4,268	4,268	0
Supplies and materials	2,172	2,172	0
Total Regular	11,872	11,872	0
Total Expenditures	11,872	11,872	0
Excess (deficiency) of revenues over (under) expenditures	(11,872)	(11,872)	0
Other Financing Sources (Uses)			
Refund of Prior Year Receipts	(4,041)	(4,041)	0
Total Other Financing Sources (Uses)	(4,041)	(4,041)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(15,913)	(15,913)	0
Fund Balance, July 1, 2001	22,746	22,746	0
Prior Year Encumbrance Appropriated	372	372	0
Fund Balance, June 30, 2002	<u>\$7,205</u>	<u>\$7,205</u>	<u>\$0</u>

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional financial statements are presented here.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings, additions to existing buildings, or for major renovation projects. The following are descriptions of each Capital Projects Fund.

Permanent Improvement

To account for major improvements or renovations to existing facilities.

Building Fund

To account for capital expenditures associated with a building program.

SchoolNet

To account for state funds used to purchase technology and infrastructure.

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2002**

	Permanent Improvement	Building	School Net	Total
ASSETS:				
Equity in pooled cash and cash equivalents	\$104,065	\$3,265	\$0	\$107,330
Receivables:				
Accrued interest	137	0	0	137
TOTAL ASSETS	\$104,202	\$3,265	\$0	\$107,467
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Accounts	1,836	0	0	1,836
Total Liabilities	1,836	0	0	1,836
Fund Equity:				
Fund Balances:				
Reserved-				
Reserve for encumbrances	13,639	0	0	13,639
Unreserved-				
Undesignated	88,727	3,265	0	91,992
Total Fund Equity	102,366	3,265	0	105,631
TOTAL LIABILITIES AND FUND EQUITY	\$104,202	\$3,265	\$0	\$107,467

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2002**

	Permanent Improvement	Building	School Net	Total
Revenues:				
From local sources:				
Earnings on investments	\$2,508	\$0	\$0	\$2,508
Intergovernmental - state and local	\$0	\$0	\$5,897	\$5,897
Total Revenues	2,508	0	5,897	8,405
Expenditures:				
Current:				
Support services:				
Instructional staff	0	0	48,105	48,105
Capital outlay	11,361	5,000	0	16,361
Total Expenditures	11,361	5,000	48,105	64,466
Excess (deficiency) of revenues over (under) expenditures	(8,853)	(5,000)	(42,208)	(56,061)
Fund balance, July 1, 2001	111,219	8,265	42,208	161,692
Fund balance, June 30, 2002	\$102,366	\$3,265	\$0	\$105,631

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Earnings on investments	\$2,707	\$2,707	\$0
Total Revenues	2,707	2,707	0
Expenditures:			
Capital Outlay			
Purchased services	25,000	25,000	0
Total Capital Outlay	25,000	25,000	0
Total Expenditures	25,000	25,000	0
Excess (deficiency) of revenues over (under) expenditures	(22,293)	(22,293)	0
Fund Balance, July 1, 2001	100,884	100,884	0
Prior Year Encumbrance Appropriated	10,000	10,000	0
Fund Balance, June 30, 2002	\$88,591	\$88,591	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Expenditures:			
Capital Outlay			
Purchased services	5,000	5,000	0
Total Capital Outlay	5,000	5,000	0
Total Expenditures	5,000	5,000	0
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(5,000)	0
Fund Balance, July 1, 2001	8,265	8,265	0
Fund Balance, June 30, 2002	\$3,265	\$3,265	\$0

**TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State and Local	\$6,000	\$6,000	\$0
Total Revenues	6,000	6,000	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Supplies and materials	4,256	4,256	0
Equipment	47,842	47,842	0
Total Instructional Staff	52,098	52,098	0
Total Expenditures	52,098	52,098	0
Excess (deficiency) of revenues over (under) expenditures	(46,098)	(46,098)	0
Other Financing Sources (Uses)			
Refund of prior year receipts	(103)	(103)	0
Total Other Financing Sources (Uses)	(103)	(103)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(46,201)	(46,201)	0
Fund Balance, July 1, 2001	37,181	37,181	0
Prior Year Encumbrances Appropriated	9,020	9,020	0
Fund Balance, June 30, 2002	\$0	\$0	\$0

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ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector business where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. A description of the District's Enterprise Funds follows:

Food Service

A fund used to account for all revenues and expenses related to the provision of food services of the District.

Uniform School Supply

A rotary fund provided to account for the purchase and sale of school supplies as adopted by the Board of Education for use in the schools of the District.

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 JUNE 30, 2002**

	Food Service	Uniform School Supply	Total
ASSETS:			
Equity in pooled cash and cash equivalents	\$236,448	\$106,597	\$343,045
Accounts	787	4,247	5,034
Accrued interest	309	0	309
Intergovernmental	29,661	0	29,661
Material and supplies inventory	19,851	0	19,851
Property, plant and equipment (net of accumulated depreciation)	45,666	0	45,666
TOTAL ASSETS	\$332,722	\$110,844	\$443,566
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Accounts payable	\$4,622	\$7,984	\$12,606
Accrued wages and benefits	87,153	0	87,153
Compensated absences payable	6,531	0	6,531
Deferred revenue	10,608	0	10,608
Total Liabilities	108,914	7,984	116,898
Fund Equity:			
Retained earnings (Unreserved)	223,808	102,860	326,668
Total Fund Equity	223,808	102,860	326,668
TOTAL LIABILITIES AND FUND EQUITY	\$332,722	\$110,844	\$443,566

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2002**

	Food Service	Uniform School Supply	Total
Operating Revenues:			
Tuition and fees	\$0	\$153,279	\$153,279
Sales	611,798	0	611,798
Miscellaneous	8,291	0	8,291
Total Operating Revenues	620,089	153,279	773,368
Operating Expenses:			
Salaries and wages	340,928		340,928
Fringe benefits	113,174	0	113,174
Contract services	16,355	0	16,355
Supplies	407,701	151,318	559,019
Depreciation	5,017	0	5,017
Other operating expenses	0	2,334	2,334
Total Operating Expenses	883,175	153,652	1,036,827
Operating (Loss)	(263,086)	(373)	(263,459)
Nonoperating Revenues (Expenses):			
Operating grants - state and local	12,883	0	12,883
Operating grants - federal	206,379	0	206,379
Donated commodities	48,031	0	48,031
Interest revenue	2,586	0	2,586
Total Nonoperating Revenues (Expenses)	269,879	0	269,879
Net Income (Loss)	6,793	(373)	6,420
Retained Earnings, July 1, 2001	217,015	103,233	320,248
Retained Earnings, June 30, 2002	\$223,808	\$102,860	\$326,668

TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2002

	Food Service	Uniform School Supply	Total
Cash flows from operating activities:			
Cash received from tuition and fees	\$0	\$150,568	\$150,568
Cash received from sales	611,598	0	611,598
Cash received from miscellaneous	7,704	0	7,704
Cash payments for personal services	(453,082)	0	(453,082)
Cash payments for contract services	(15,603)	0	(15,603)
Cash payments for supplies and materials	(359,017)	(145,857)	(504,874)
Cash payments for miscellaneous	0	(2,334)	(2,334)
Net cash provided by (used for) operating activities	(208,400)	2,377	(206,023)
Cash flows from noncapital financing activities:			
Cash received from operating grants	189,601	0	189,601
Net cash provided by noncapital financing activities	189,601	0	189,601
Cash flows from capital financing activities:			
Cash payments for capital acquisitions	(10,015)	0	(10,015)
Net cash (used for) capital financing activities	(10,015)	0	(10,015)
Cash flows from investing activities:			
Cash received from interest	2,947	0	2,947
Net cash provided by investing activities	2,947	0	2,947
Net increase (decrease) in cash and cash equivalents	(25,867)	2,377	(23,490)
Cash and cash equivalents at beginning of year	262,315	104,220	366,535
Cash and cash equivalents at end of year	\$236,448	\$106,597	\$343,045
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:			
Operating (loss)	(\$263,086)	(\$373)	(\$263,459)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	5,017	0	5,017
Donated commodities used	48,031	0	48,031
Changes in assets and liabilities:			
(Increase) in accounts receivable	(787)	(2,743)	(3,530)
(Increase) in material and supplies inventory	(174)	0	(174)
Increase in accounts payable	835	5,493	6,328
(Decrease) in accrued wages & benefits	(2,523)	0	(2,523)
Increase in compensated absences payable	3,543	0	3,543
Increase in deferred revenue	744	0	744
Net cash provided by (used for) operating activities	(\$208,400)	\$2,377	(\$206,023)

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TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity and/or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds, Non-Expendable Trust Funds and Agency Funds. The following are descriptions of each:

Expendable Trust Funds

General Trust

A fund is used to account for donations from private individuals or corporations to be used according to the terms of donation. Since there is only one Expendable Trust Fund, no additional Statement of Revenues, Expenditures or Changes in Fund Balance is presented here.

Non-Expendable Trust Fund:

Witt Memorial

Scholarship fund used to provide awards to graduating seniors.

Since there is only one Non-Expendable Trust Fund, no additional Statement of Revenues, Expenses and Changes in Fund Balance or Statement of Cash Flows is presented here.

Agency Fund

Student Activity Fund

This fund is used to account for the resources which are collected by the various student groups.

Unclaimed Monies Fund

This fund is used to account for unclaimed monies from outstanding checks over one year old.

TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING BALANCE SHEET
 ALL FIDUCIARY FUND TYPES
 JUNE 30, 2001

	Expendable	Non-expendable	Agency Funds		Total
	Trust Fund	Trust Fund	Student Activities	Unclaimed Monies	
	General Trust	Witt Memorial			
ASSETS:					
Equity in pooled cash and investments	\$50,361	\$197	\$63,755	\$10,676	\$124,989
Accrued Interest	37	0	0	0	37
TOTAL ASSETS	\$50,398	\$197	\$63,755	\$10,676	\$125,026
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts payable	\$504	\$0	\$0	\$0	\$504
Accrued wages and benefits	\$158	\$0	\$0	\$0	\$158
Due to student groups	0	0	63,755	0	63,755
Due to others	0	0	0	10,676	10,676
Total Liabilities	662	0	63,755	10,676	75,093
Fund Equity:					
Fund Balances:					
Reserved-					
Reserved for encumbrances	601	0	0	0	601
Unreserved-					
Undesignated	49,135	197	0	0	49,332
Total Fund Equity	49,736	197	0	0	49,933
TOTAL LIABILITIES AND FUND EQUITY	\$50,398	\$197	\$63,755	\$10,676	\$125,026

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Beginning Balance July 1, 2001	Additions	Deductions	Ending Balance June 30, 2002
Unclaimed Monies				
Assets:				
Equity in pooled cash and cash equivalents	\$8,365	\$2,311	\$0	\$10,676
Liabilities:				
Due to others	8,365	2,311	0	10,676
Total Liabilities	\$8,365	\$2,311	\$0	\$10,676
Student Activities				
Assets:				
Equity in pooled cash and cash equivalents	\$59,016	\$99,267	\$94,528	\$63,755
Liabilities:				
Due to student groups	59,016	99,267	94,528	63,755
Total Liabilities	\$59,016	\$99,267	\$94,528	\$63,755
Total				
Assets:				
Equity in pooled cash and cash equivalents	\$55,191	\$101,578	\$94,528	\$74,431
Total Assets	\$55,191	\$101,578	\$94,528	\$74,431
Liabilities:				
Due to others	\$8,365	\$2,311	\$0	\$10,676
Due to student groups	46,826	99,267	94,528	63,755
Total Liabilities	\$55,191	\$101,578	\$94,528	\$74,431

GENERAL FIXED ASSET ACCOUNT GROUP

This group of accounts is used to account for all sites, buildings, equipment and vehicles not used in the operations of the Proprietary Funds. The majority of the District's assets are reflected here.

**TALAWANDA SCHOOL DISTRICT, OHIO
 SCHEDULE OF GENERAL FIXED ASSETS
 BY SOURCE
 JUNE 30,2002**

General fixed assets:

Land and land improvements	\$2,257,264
Buildings and building improvements	21,408,164
Furniture, fixtures and equipment	5,696,340
Vehicles	566,938
Educational Media Books - Tapes Etc.	<u>1,298,186</u>
Total general fixed assets	<u><u>\$31,226,892</u></u>

**Investment in general fixed assets
 by source:**

General fund	\$30,375,602
Special revenue funds	288,807
Capital projects funds	<u>562,483</u>
Total general fixed assets	<u><u>\$31,226,892</u></u>

TALAWANDA SCHOOL DISTRICT, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND TYPE
JUNE 30,2002

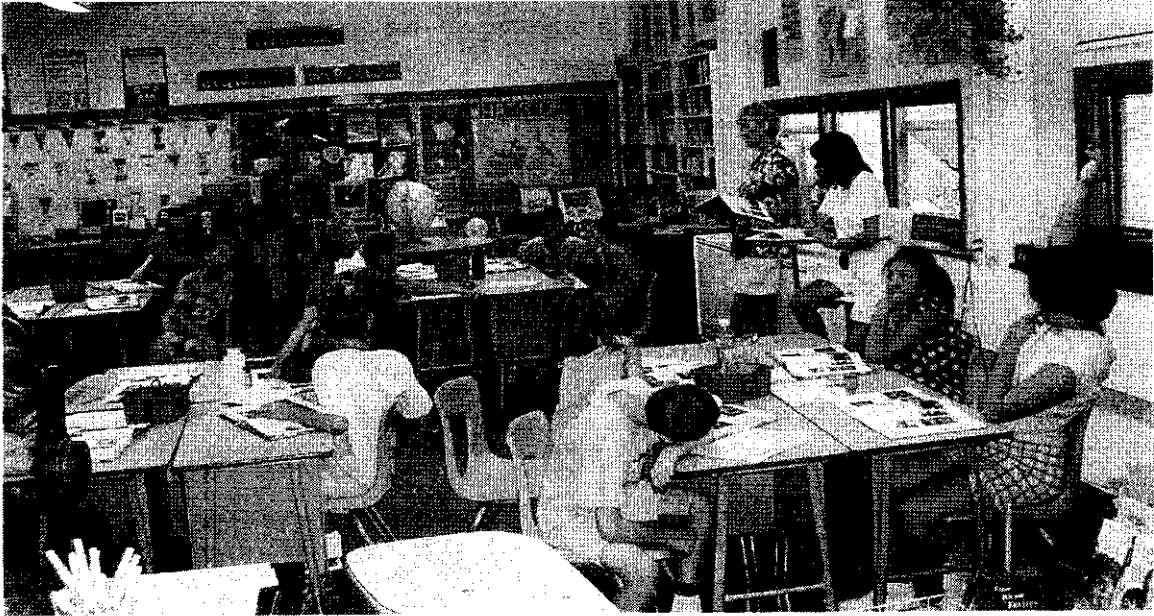
Function	Land and land improvements	Buildings and building improvements	Furniture fixtures and equipment	Vehicles	Educational Media, Books Tapes, Etc	Total
Instruction:						
Regular	\$1,638,119	\$16,314,708	\$3,621,785	\$0	\$495,607	\$22,070,219
Special	57,749	1,081,721	229,459	0	0	\$1,368,929
Support services:						
Pupil	9,579	99,076	80,437	0	0	\$189,092
Instructional staff	33,206	432,001	645,863	0	802,579	\$1,913,649
School administration	24,900	228,941	384,770	0	0	\$638,611
Fiscal services	2,138	12,638	35,713	0	0	\$50,489
Operations and maintenance	146,754	543,668	167,525	80,894	0	\$938,841
Pupil transportation	33,662	95,703	1,499	486,244	0	\$617,108
Food Service	59,862	2,485,785	470,200	0	0	\$3,015,847
Community Service	0	0	7,846	0	0	\$7,846
Extracurricular activities	251,295	113,923	51,243	0	0	\$416,461
Total general fixed assets	\$2,257,264	\$21,408,164	\$5,696,340	\$566,938	\$1,298,186	\$31,226,892

TALAWANDA SCHOOL DISTRICT, OHIO
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION
 FOR YEAR ENDED JUNE 30, 2002

Function	Balance at July 1, 2001	Additions	Deductions	Balance at June 30, 2002
Instruction:				
Regular	\$21,957,381	\$188,497	\$75,659	\$22,070,219
Special	1,365,396	3,533	0	1,368,929
Support services:				
Pupil	186,881	2,211	0	189,092
Instructional staff	1,860,665	56,022	3,038	1,913,649
General administration	0	0	0	0
School administration	627,885	10,726	0	638,611
Fiscal services	37,071	13,418	0	50,489
Operations and maintenance	773,996	168,043	3,398	938,641
Pupil transportation	730,448	57,660	171,000	617,108
Food Service	3,015,847	0	0	3,015,847
Community Service	0	7,846	0	7,846
Extracurricular activities	413,072	3,389	0	416,461
Total general fixed assets	<u>\$30,968,642</u>	<u>\$511,345</u>	<u>\$253,095</u>	<u>\$31,226,892</u>

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Statistical Section



**TALAWANDA SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes	Tuition and Fees	Earnings on Investments	Inter-governmental	Other	Total Revenues
1993	\$6,769,209	\$77,698	\$73,082	\$6,150,683	\$117,784	\$13,188,456
1994	6,769,151	64,748	77,177	7,355,245	110,188	14,376,509
1995	7,037,208	22,701	172,371	7,674,096	119,039	15,025,415
1996	7,778,985	69,003	219,398	8,410,263	71,574	16,549,223
1997	7,233,167	53,782	264,895	8,572,477	74,346	16,198,667
1998	8,153,193	63,014	355,661	9,136,530	114,514	17,822,912
1999	9,575,477	89,143	342,700	7,756,339	80,948	17,844,607
2000	7,724,150	170,278	448,941	10,892,698	345,376	19,581,443
2001	10,386,023	260,319	395,466	10,375,461	193,508	21,610,777
2002	11,208,220	232,326	352,302	11,073,886	150,528	23,017,262

Source: Talawanda Schools records

(1) Includes the revenues of the General Fund only.

TALAWANDA SCHOOL DISTRICT, OHIO
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
 LAST TEN FISCAL YEARS

Fiscal Year	Instruction	Pupil Support Services	Instructional Support Services	Administration	Business and Fiscal Services	Operations and Maintenance	Pupil Transportation	Other	Extracurricular Activities	Capital Outlay	Debt Service	Total Expenditures
1993	\$7,749,392	\$477,786	\$558,066	\$1,115,024	\$404,451	\$1,679,335	\$914,982	\$1,442	\$116,821	\$8,334	\$0	\$13,025,633
1994	7,785,753	508,944	617,718	1,232,531	438,945	1,741,758	997,096	1,660	129,526	5,400	0	13,460,331
1995	8,509,845	570,701	569,075	1,219,166	454,256	1,777,822	1,079,737	858	142,443	2,553	0	14,346,456
1996	9,003,834	531,266	560,144	1,368,524	471,393	1,918,998	1,123,852	177	168,431	1,560	0	15,148,179
1997	9,643,830	702,033	639,589	1,384,358	415,623	1,957,175	1,262,280	1,163	182,326	22,153	0	16,210,530
1998	9,828,491	694,608	831,381	1,549,974	467,896	1,880,861	1,331,461	9,717	218,427	255,156	0	17,065,972
1999	10,253,841	747,972	825,218	1,454,085	461,623	1,820,162	1,303,432	8,236	300,085	321,580	0	17,496,234
2000	11,163,989	868,495	812,380	1,391,599	457,066	2,071,859	1,646,206	22,231	374,460	188,903	0	18,997,188
2001	10,832,316	874,597	1,331,577	1,462,001	532,234	2,139,788	1,651,750	19,568	394,164	285,465	0	19,523,460
2002	12,096,460	1,044,849	1,418,578	1,506,393	639,196	2,248,009	1,737,536	23,770	403,598	653,491	0	21,771,860

Source: Talawanda Schools records

(1) Includes the expenditures of the General Fund Only

TALAWANDA SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN COLLECTION (CALENDAR) YEARS

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collection To Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Levy
1992	9,294,148	8,894,165	95.70%	343,200	9,237,365	99.39%	56,783	0.61%
1993	9,547,590	8,892,486	93.14%	307,661	9,200,147	96.36%	347,443	3.64%
1994	9,992,488	8,999,098	90.06%	241,035	9,240,133	92.47%	752,335	7.53%
1995	10,016,961	9,512,266	94.96%	297,720	9,809,986	97.93%	206,975	2.07%
1996	10,264,285	9,905,047	99.04%	261,500	10,166,547	99.04%	304,714	2.96%
1997 (3)	9,726,348	9,558,633	98.28%	284,420	9,843,053	101.20%	167,715	1.72%
1998 (4)	9,573,273	9,421,293	98.41%	211,860	9,633,153	100.63%	151,980	1.59%
1999	9,717,764	9,464,683	97.40%	249,440	9,714,123	99.96%	165,791	1.71%
2000 (5)	10,059,071	9,813,439	97.56%	249,440	10,062,879	100.04%	165,791	1.65%
2001	11,795,523	10,019,952	84.95%	1,572,990	11,592,942	98.28%	426,620	3.62%

Source: Butler County Auditor

(1) Taxes levied and collected are presented on a cash and calendar year basis.

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

(3) Taxes levied and collected reduced due to the 5.5 mill reduction of a bond retirement levy

(4) Taxes levied and collected reduced due to the 2.5 mill reduction of a bond retirement levy

(5) Outstanding Delinquent Taxes were not available from the Butler County Auditor therefore amount was estimated.

**TALAWANDA SCHOOL DISTRICT, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN COLLECTION (CALENDAR) YEARS**

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Ratio (1)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$221,609,750	\$633,170,714	\$12,541,899	\$50,167,596	\$25,069,430	\$28,487,989	\$259,221,079	\$711,826,299	36.42%
1994	252,572,290	721,635,114	11,740,390	46,961,560	26,331,540	29,922,205	290,644,220	798,518,879	36.40%
1995	259,393,820	741,125,200	11,981,519	47,926,076	28,156,210	31,995,693	299,531,549	821,046,969	36.48%
1996	270,920,450	774,058,429	13,320,221	53,280,884	27,088,000	30,781,818	311,328,671	858,121,131	36.28%
1997	315,611,160	901,746,171	14,025,973	56,103,892	27,451,390	31,194,761	357,088,523	989,044,824	36.10%
1998	323,685,480	924,815,657	21,669,725	86,678,900	26,516,130	30,131,966	371,871,335	1,041,626,523	35.70%
1999	332,191,690	949,119,114	19,383,947	77,535,788	26,801,330	30,456,057	378,376,967	1,057,110,959	35.79%
2000	391,766,030	1,119,331,514	21,323,679	85,294,716	27,165,400	30,869,773	440,255,109	1,235,496,003	35.63%
2001	400,689,150	1,144,826,143	20,880,717	83,522,868	25,289,900	28,738,523	446,859,767	1,257,087,534	35.55%
2002	408,210,230	1,166,314,943	20,010,220	80,040,880	17,465,200	19,846,818	445,685,650	1,266,202,641	35.20%

Source: Butler County Auditor

(1) Ratio represents total assessed value/total estimated actual value.

**TALAWANDA SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)--DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN COLLECTION (CALENDAR) YEARS**

	2001		2000		1999		1998		1997		1996		1995		1994		1993		1992				
	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year	Tax Year	Collection Year			
Talawanda City Schools	50.30	2002	50.30	2001	43.80	2000	43.80	1999	43.80	1998	43.80	1997	46.30	1996	51.80	1995	51.80	1994	51.80	1993	51.80	1992	
City of Oxford	3.65	2002	3.65	2001	3.65	2000	3.65	1999	3.65	1998	3.65	1997	3.65	1996	3.65	1995	3.65	1994	3.65	1993	3.65	1992	
Oxford Township	7.84	2002	7.84	2001	7.84	2000	7.84	1999	7.84	1998	7.84	1997	7.84	1996	5.84	1995	5.84	1994	5.84	1993	5.84	1992	
Relly Township	7.39	2002	7.39	2001	7.39	2000	7.39	1999	7.39	1998	5.39	1997	5.39	1996	5.39	1995	5.39	1994	5.39	1993	5.39	1992	
Milford Township	5.74	2002	5.74	2001	5.74	2000	5.74	1999	5.74	1998	5.74	1997	5.74	1996	5.74	1995	5.74	1994	5.74	1993	5.74	1992	
Hanover Township	2.72	2002	2.72	2001	2.72	2000	2.72	1999	2.72	1998	2.72	1997	2.72	1996	2.72	1995	2.72	1994	2.72	1993	2.72	1992	
Butler County	8.45	2002	8.45	2001	8.44	2000	8.44	1999	8.44	1998	8.44	1997	8.44	1996	7.44	1995	7.45	1994	7.44	1993	7.45	1992	
Butler County Joint Vocational School	1.93	2002	1.93	2001	1.93	2000	1.93	1999	1.93	1998	1.93	1997	1.93	1996	1.93	1995	1.93	1994	1.94	1993	1.97	1992	
Total Rate	88.02		88.02		81.51		81.51		81.51		79.51		82.01		84.51		84.52		84.52		84.52		84.56

Source: Butler County Treasurer

**TALAWANDA SCHOOL DISTRICT, OHIO
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN COLLECTION (CALENDAR) YEARS**

Collection Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%)	Estimated Net Bonded Debt per Capita
1993	35,866	\$259,221,079	\$3,790,000	\$619,255	\$3,170,745	1.22%	88
1994	35,866	290,644,220	4,050,000	531,097	3,518,903	1.21%	98
1995	35,866	299,531,549	3,335,000	530,535	2,804,465	0.94%	78
1996	35,866	311,328,671	2,605,000	291,793	2,313,207	0.74%	64
1997	35,866	357,088,523	1,855,000	776,264	1,078,736	0.30%	30
1998	35,866	371,871,335	1,090,000	702,852	387,148	0.10%	11
1999	35,866	378,376,967	500,000	104,469	395,531	0.10%	11
2000	35,866	440,255,109	410,000	0	410,000	0.09%	11
2001	34,968	446,859,767	315,000	0	315,000	0.07%	9
2002	34,968	445,685,650	215,000	0	215,000	0.05%	6

Sources: U.S. Census Bureau
 Butler County Auditor
 Talawanda School District records

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30,2002**

Overall Direct Debt Limitaion

Direct Debt Limitation 9% of Assessed Valuation		\$40,111,709
Amount available in Debt Service Fund		0
Gross indebtedness	215,000	
Less:		
Debt exempt from Limitation	<u>0</u>	
Debt subject to 9% Limitation		<u>215,000</u>
Legal Debt Margin within 9% Limitation		<u><u>\$39,896,709</u></u>
Direct Debt Limitation .1% of Assessed Valuation		\$445,686
Amount available in Debt Service Fund		0
Gross indebtedness	0	
Less:		
Debt exempt from Limitation	<u>0</u>	
Debt subject to .1% Limitation		<u>0</u>
Legal Debt Marigin within .1% Limitation		<u><u>\$445,686</u></u>

Source: Talawanda School District records

**TALAWANDA CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30,2002**

Governmental Unit	Gross General Obligation	Percent Applicable to School District	Amount Applicable to District
Direct:			
Talawanda City School District	\$215,000	100.00%	\$215,000
Overlapping:			
City of Oxford	\$3,700,000	100.00%	\$3,700,000
Butler County	42,767,500	7.19%	3,074,983
Preble County	5,664,087	0.49%	27,754
Hanover Township	107,555	63.91%	68,738
City of Hamilton	13,720,000	3.65%	500,780
Butler County Joint Vocational School District	5,095,000	8.40%	427,980
Total Overlapping Debt	\$71,054,142		\$7,800,236
Total Direct and Overlapping Debt	\$71,269,142		\$8,015,236

Source: Ohio Municipal Advisory Council

**TALAWANDA SCHOOL DISTRICT, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures(%)
1993	\$630,000	\$266,138	\$896,138	\$13,025,633	6.88%
1994	640,000	273,089	913,089	13,460,331	6.78%
1995	715,000	226,764	941,764	14,346,456	6.56%
1996	730,000	215,139	945,139	15,148,179	6.24%
1997	750,000	158,200	908,200	16,210,530	5.60%
1998	765,000	94,763	859,763	17,065,972	5.04%
1999	590,000	43,188	633,188	17,496,234	3.62%
2000	90,000	22,750	112,750	18,997,188	0.59%
2001	95,000	18,125	113,125	19,523,460	0.58%
2002	100,000	13,250	113,250	21,771,880	0.52%

Source: Talawanda Schools records

**TALAWANDA SCHOOL DISTRICT, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS**

Fiscal Year	Population	School Enrollment	Unemployment Rate
1993	35,866	3,429	7.80%
1994	35,866	3,478	5.50%
1995	35,866	3,581	4.20%
1996	35,866	3,603	4.30%
1997	35,866	3,636	4.20%
1998	35,866	3,559	3.50%
1999	35,866	3,407	3.70%
2000	35,866	3,153	3.30%
2001	34,968	3,108	3.20%
2002	34,968	3,118	5.00%

Sources: U.S. Census Bureau
 Talawanda School District records
 Ohio Bureau of Employment Services, rates are for Butle
 Oxford Chamber of Commerce

**TALAWANDA SCHOOL DISTRICT, OHIO
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES
LAST TEN COLLECTION (CALENDAR) YEARS**

Fiscal Year	Construction (1)	Bank Deposits (2)	Property Values (3)
1993	\$5,522,670	\$697,204,000	\$221,609,750
1994	5,368,970	713,488,000	252,572,290
1995	12,437,960	750,113,000	259,393,820
1996	9,684,930	800,556,000	270,920,450
1997	8,045,340	918,777,000	315,611,160
1998	8,419,490	825,082,000	323,685,480
1999	7,144,050	877,325,000	332,191,690
2000	5,135,190	923,585,000	391,766,030
2001	8,114,500	1,146,859,000	400,689,150
2002	N/A	1,126,097,000	445,685,650

- Sources:
- (1) Butler County Auditor's Office, Hamilton, Ohio (1993-2001) Represents Talawanda School District Construction. 2002 not available at the time this report was published.
 - (2) Total deposits of all bank headquartered in Butler County. Federal Reserve Bank, Cleveland, Ohio
 - (3) Butler County Auditor's Office, Hamilton, Ohio.

**TALAWANDA SCHOOL DISTRICT, OHIO
 PRINCIPAL PROPERTY TAXPAYERS
 JUNE 30,2002**

Taxpayer	Total Assessed Valuation	Percent of Total
Cincinnati Gas and Electric	\$6,333,770	18.46%
Center Holdings LLC	4,735,200	13.80%
Meijer, Incorporated	4,486,940	13.08%
D & B Family LTD	3,303,600	9.63%
Hoelzer, Ned	3,258,660	9.50%
University Commons	2,640,620	7.70%
Day, Ray	2,586,920	7.54%
One Seventy Seven West	2,347,030	6.84%
Ogden Investments	2,313,480	6.74%
Brookside at Chestnut LLC	2,302,480	6.71%
Total	\$34,308,700	100.00%

Source: Butler County Auditor

**TALAWANDA SCHOOL DISTRICT, OHIO
 OXFORD AREA LARGEST EMPLOYERS
 JUNE 30,2002**

EMPLOYER	NUMBER OF EMPLOYEES	TYPE OF BUSINESS
Miami University	3,500	Higher Education
Square D Company	550	Manufacturer
McCullough-Hyde Memorial Hospital	410	Medical
Talawanda City Schools	390	Primary and Secondary Education
Walmart	183	Discount retailer
Oxford View Nursing Home	165	Nursing home
Kroger Company	133	Food retailer
City of Oxford	107	Municipality
McDonalds	76	Restaurant

Source: Oxford Chamber of Commerce

**TALAWANDA SCHOOL DISTRICT, OHIO
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30,2002**

Year of Present Charter: 1982
 Form of Government: Public School District
 Area of District: 145 Square miles

Number of Schools

Elementary	3
Middle	1
High	1
	<u>5</u>

Number of Teachers, Levels of Degree and Years of Experience

Degree	Education	
	Number of Teachers	% of Total
Bachelor's	35	15.28%
Bachelor's + 15	5	2.18%
Bachelor's 150 Hours	82	35.81%
Master's	52	22.71%
Master's + 15	29	12.66%
Master's + 30	26	11.35%
Total	<u>229</u>	<u>100.00%</u>

Years of Experience	Experience	
	Number of Teachers	% of Total
0 - 5	73	31.88%
6 - 10	37	16.16%
11 - 15	43	18.78%
16 - 20	23	10.04%
21 - 25	19	8.30%
26 - OVER	34	14.85%
TOTAL	<u>229</u>	<u>100.00%</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TALAWANDA CITY SCHOOL DISTRICT
BUTLER 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
DECEMBER 3, 2002**