



**TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

**TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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**Auditor of State
Betty Montgomery**

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

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Twinsburg City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated January 12, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the District's management in a separate letter dated January 12, 2005.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 12, 2005



Auditor of State Betty Montgomery

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

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated January 12, 2005.

Internal Control Over Compliance

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

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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 Receipts and Expenditures of Federal Awards

We have audited the financial statements of governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

January 12, 2005

**TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster						
Special Education - Grants to States	050070-6BSD-03P	84.027	\$35,000		\$50,336	
	050070-6BSF-03P		83,273		53,795	
	050070-6BSD-04P		7,500		27,317	
	050070-6BSF-04P		251,304		341,620	
Total Special Education -Grants to States			377,077		473,068	
Special Education - Preschool Grants	050070-PGD7-03P	84.173	3,100		3,100	
	050070-PGS1-03P		155			
	050070-PGS1-04P		18,741		24,273	
Total Special Education - Preschool Grants			21,996		27,373	
Total Special Education Cluster			399,073		500,441	
Title I Grants to Local Educational Agencies	050070-C1S1-03	84.010	54,705		33,490	
	050070-C1S1-04		112,717		149,476	
Total Title I Grants to Local Educational Agencies			167,421		182,966	
Innovative Education Program Strategies	050070-C2S1-03	84.298	13,629		11,329	
	050070-C2S1-04		18,693		22,410	
Total Innovative Education Program Strategies			32,321		33,739	
Safe and Drug-Free Schools and Communities-State Grants	050070-DRS1-03	84.186	4,536		604	
	050070-DRS1-04		7,460		11,294	
Total Safe and Drug-Free Schools and Communit-es-State Grants			11,996		11,898	
Education Technology State Grants	050070-TJS1-03	84.318	784		1,208	
	050070-TJS1-04		3,318		4,210	
Total Education Technology State Grants			4,102		5,418	
Safe and Drug Free Schools and Communities - National Programs	050070-T4S1-04	84.184C	957		5,311	
Assistive Technology	050070-ATS3-02	84.352A			2,573	
Improving Teacher Quality State Grants	050070-TRS1-03	84.367	11,317		12,241	
	050070-TRS1-04		59,929		82,169	
Total Improving Teacher Quality State Grants			71,246		94,410	
English Language Acquisition Grants	050070-T3S1-03	84.365	4,146			
	050070-T3S1-04		35,870		41,081	
Total English Language Acquisition Grants			40,016		41,081	
Total U.S. Department of Education			727,132		877,837	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Donation	N/A	10.550		\$53,156		\$53,156
National School Lunch Program	050070-LLP4-03	10.555	24,527		24,527	
National School Lunch Program	050070-LLP4-04	10.555	133,990		133,990	
Total U.S. Department of Agriculture - Child Nutrition Cluster			158,517	53,156	158,517	53,156
Totals			\$885,649	\$53,156	\$1,036,354	\$53,156

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

**TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**TWINSBURG CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, CFDA 84.027 & 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number 2004-001 - Severance Payout Overpayments

The District's Human Resources Coordinator miscalculated the severance payout for a teacher who retired at the end of fiscal year 2004. This happened because the Human Resource Coordinator erroneously used a full time daily rate in the calculation of the teacher's severance instead of the teacher's half time daily rate which was in effect at the time of her retirement. The District incorrectly paid Joanne Nixon \$14,974 when the actual payment should have been \$9,717. Therefore, Joanne Nixon was overpaid by \$5,257 in September of 2004.

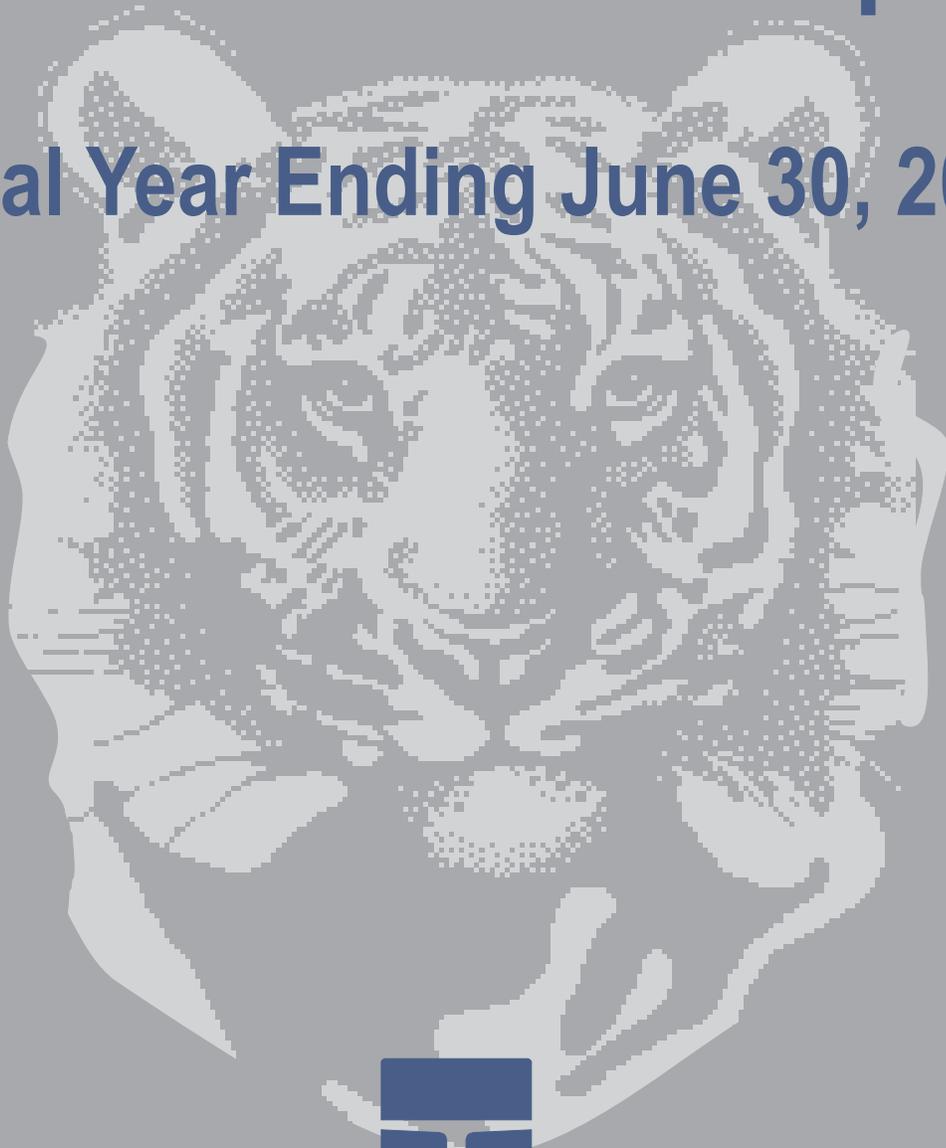
In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued jointly and severally against Joanne Nixon, former Teacher, and Bill Manley, Human Resources Coordinator, in the amount of \$5,257 and in favor of the Twinsburg City School District's General Fund.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2004



TWINSBURG CITY SCHOOL DISTRICT
Twinsburg, Ohio

Twinsburg City School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

Prepared By:
Martin Aho, Director of Finance/Treasurer and
Treasurer's Office Staff

**Twinsburg City School District
 Comprehensive Annual Financial Report
 For the fiscal year ended June 30, 2004**

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 Comprehensive Annual Financial Report
 For the fiscal year ended June 30, 2004**

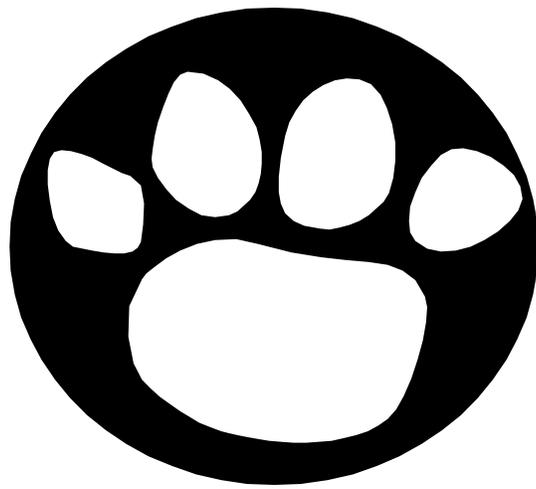
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For the fiscal year ended June 30, 2004

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INTRODUCTORY SECTION



Twinsburg City School District

11136 Ravenna Road • Twinsburg, Ohio 44087-1022

Phone: (330) 486-2000

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Mr. James G. Jones, Superintendent
Mr. Stephen Marlow, Assistant Superintendent
Mr. Martin Aho, Treasurer

Mrs. Susan Buckbee, Director of Curriculum/Staff Development
Mrs. Judith Henning, Director of Pupil Personnel

January 14, 2005

To the Citizens and Board of Education of the Twinsburg City School District:

The Comprehensive Annual Financial Report (CAFR) of the Twinsburg City School District, the "School District" for the fiscal year ended June 30, 2004, is hereby submitted. This report, prepared by the Fiscal Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2003-2004 fiscal year.

Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including the disclosures, rests with the School District's management. To the best of our knowledge and belief, the CAFR and 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 of the School District.

This CAFR, which includes an opinion from the Auditor of the State of Ohio's office, conforms to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the School District's commitment to provide meaningful information to its' stakeholders.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes a table of contents, this transmittal letter, a list of principal officials, and the organizational chart.

The Financial Section, includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes that provide an overview of the School Districts financial position and operating results, the combining statements for nonmajor funds, and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section, which is unaudited, includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

The Reporting Entity

The School District meets the definition of the Governmental Accounting Standards Board Statement Nos. 14 and 39, "The Reporting Entity" as a School District for financial reporting purposes.

Twinsburg City School District has administrative responsibility for state funds distributed to Saints Cosmos & Damien Catholic Elementary School under its Auxiliary Services Program. While this entity shares a similar service to the School District, it is a separate and distinct entity with its own governing board. Because of this independent nature, its financial statements are not included in this report.

Description of the School District

The School District serves an area of approximately 30 square miles. It is comprised of the City of Twinsburg, Twinsburg Township and portions of the Village of Reminderville and the City of Macedonia. It is located in the Northeast corner of Summit County and is approximately 21 miles southeast of downtown Cleveland and 24 miles northwest of Akron. According to the 2000 Census, the population of the School District was 30,730.

As of October 2004, there were 3,710 students attending the five schools in the School District. They are: Wilcox Primary, Bissell Elementary, Dodge Intermediate, Chamberlin Middle School, and Twinsburg High School. The School District also owns a central office building, a bus garage, a football stadium, and various athletic fields.

There has been a steady growth in student population. The 1993-94 enrollment was 2,608 students. Over the past ten years the student population has increased well over 41%. Most-likely enrollment projections completed by DeJong and Associates in December 2000 indicate continued growth over the next ten years. Projection studies indicate the district student population is anticipated to grow to approximately 4,900 students.

Organization of the School District

The Board of Education of the School District is comprised of five members elected at-large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the School District. The Board is responsible for the adoption of the tax budget, the annual operating budget and approves all expenditures of the School District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Code.

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations within the School District. In July 2001, James Jones was appointed Superintendent. He previously served the district as Assistant Superintendent and the High School Principal.

The Treasurer is the Chief Fiscal Officer of the School District and is responsible directly to the Board for all financial operations, investments, custody of School District funds and assets, and serves as Secretary to the Board. Martin Aho has served in this capacity since July 2002. He has over twelve years of public sector employment experience. After seven years of service with the State Auditors Office, he was an Assistant Treasurer for three years. He has an MBA from the University of Akron. The Treasurers office employs three additional staff members.

All other School District employees are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

Economic Condition and Future Outlook

The City of Twinsburg is an enviable location as part of the metropolitan Cleveland-Akron area. There are two exits on Interstate 480, and in very close proximity to Interstate 271 and Interstate 80 (Ohio Turnpike). The proximity to interstate highways has enabled the growth of an industrial park. Located within this park is a Daimler-Chrysler stamping plant. This plant is the tenth largest employer in Summit County employing 2,071 people.

Four State-supported and six private colleges and universities are located a convenient driving distance from Twinsburg. The Twinsburg Public Library has been nationally recognized as number one in the nation when compared to similar facilities. The Twinsburg Public Library's top rating was based on fifteen factors as measured by Hennen's American Public Library Rating

Twinsburg City and Township have experienced strong business growth over the past ten years. The growth is continuing and land is available for this use. A well-managed tax incentive program has assisted the growth. The future benefits of such a plan are being realized at this point as most businesses are ending their abatement periods and remaining in the community.

The School District's financial condition continues to be an area of focus for the Board of Education and Administration. In litigation now referred to as the "DeRolph Case", the Perry County Court of Common Pleas in 1995 declared the State's method of funding school districts to be unconstitutional. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. The DeRolph Case was appealed to the United States Supreme Court, which decided not to hear the case.

Major Initiatives and Accomplishments

Across the School District a number of major accomplishments have taken place. The following are examples of those initiatives that directly impact teaching and learning.

Students – Staff - District

- **Local Report Card**
The School District achieved an Excellent rating on the 2004 Report Card.
- **Scholarships**
Over \$2 million in scholarships were awarded to School District students from various sources for 55 schools. The School District had one National Merit Scholarship finalist.
- **High School Test Scores**
Average SAT score of 1050.
Average ACT score 22.
12th Grade proficiency test scores were above State standards in all areas.
- **Helping Hands Project and Operation Christmas Child**
Chamberlin and Dodge students assisted over 160 children with needs over the holidays.
- **Power of the Pen Team**
Placed in the top 10 in the Ohio state writing competition.
- **Mini-PANDA Program**
Students and parents at Dodge Intermediate School participated in a program where students learn about the side effects of drugs and alcohol.
- **Parent Guidance Workshops and Proficiency Nights**
These workshops were among many of the opportunities available to parents to learn parenting skills and/or to learn about school requirements. Topics included peer pressure, anger management, school success, etc.
- **Grandparent Days**
Grandparents are invited to each of the schools through grade 8 for special programs of music, drama, and reading to their grandchildren.
- **Fine Arts Festival in each school building**
Held annually to display the works of students from throughout the School District.
- **Information Literacy Academy**
The weeklong Twinsburg Information Literacy Academy with over 20 teachers was held prior to the beginning of the school year to provide key resource personnel in each school to implement the Information Literacy Course of Study for 2003-2004.
- **Project Labs**
Established at R.B. Chamberlin Middle School, Bissell Elementary and Wilcox Primary to enable students to work with the Internet and multimedia productions.
- **Reading Wall of Fame at Wilcox Primary**
Displays photos and descriptions of student who have become early readers.

- **Gifted Identification**
Students are identified in the areas of Superior Cognitive Ability, Specific Academic Ability, Creative Thinking Ability, and Visual-Performing Arts Ability. Unique programs are in place for these students. A self-contained, team taught class exists at the fourth, fifth and sixth grade levels. Project Plus is a seminar program for grades seven and eight taught by a national expert in gifted education. Addition service with cluster groups by subject area was implemented for fourth grade. And a parent support group began in fiscal year 2004 for gifted education.
- **Parent-to-Parent Support Group**
The parent mentorship program assists special education parents with the process of education of their children. Two parent mentors are hired through a state grant.
- **Music Program**
The High School vocal music group Great Expectations took many first place awards. The orchestra has grown from fourth to the high school grade level. The band continues to include student musicians from grade five and above. Joint concerts at the holidays continue a long-held Twinsburg tradition.
- **Interactive Media Program**
A highly active class for the Interactive Media Program continues at the High School. This class has changed the meaning of “morning announcements”. Students cannot wait to see the creative, innovative energy that this addition has brought the school.
- **Post Secondary Option**
During the 2003-2004 school year 26 Twinsburg High School students attended local colleges and universities earning college credits.
- **Entry Year Program**
The Twinsburg Entry Year Program for teachers new to the district welcomes and supports teachers new to the profession. 100% of the entry year teachers passed their state required Praxis III peer evaluation in the spring of 2004.
- **Staff Development**
Summer staff development included reading workshops which focused on closing the achievement gap, administrative workshops, a continuous improvement plan workshop, and new teacher orientation.

Plant and Educational Support

- **Facilities**
All school buildings are in excellent physical condition. A 2.75 mill Permanent Improvement levy supports the building program. The Twinsburg High School was opened in January 1999. It includes a Fitness Center that is run by the City of Twinsburg Parks and Recreation Department. This was a joint venture between the City and the School District.

- Technology

All buildings are wired, networked, and have Internet access. The School District has approximately 900 computers for student and staff use. Other technologies that support education are also available. All staff and students have e-mail access. The School District utilized State SchoolNet monies to enhance the technology.
- Security

The School District has implemented a School District-wide security plan to protect the students and the staff. All buildings have security equipment and procedures.
- Planning
 - Continuous Improvement Plan –The Board of Education’s approved Continuous Improvement Plan was developed with input from various stakeholders of the School District. In addition to the overall plan, each building developed its annual goals within the plan. It also includes a mechanism to monitor and update it annually.
 - Enrollment Projections – In December 2000, DeJong and Associates completed enrollment projections for the School District. Enrollment projections are reviewed and updated as needed and are used to guide the School District’s planning in this time of growth. Currently, Fanning Howey Associates, Inc., has been retained to provide updated projections.
 - Facilities Planning –The District is working with the Ohio School Facilities Commission in their Expedited Local Share Program to identify future facilities needs and repairs.
 - Five-Year Financial Forecast – Each School District in Ohio is required to complete a five-year financial forecast annually. This School District completed the forecast in October 2004 as required by law. This document is updated regularly and serves as a financial roadmap for the School District.

Financial Information

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

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses.

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

Statement of budgetary comparison – This statement for the general fund presents a comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this reporting model, management is also responsible for preparing a discussion and analysis of the School District. This discussion follows the Independent Accountants' Report, providing an assessment of the School District's finances for fiscal year 2004 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the School District.

Internal Controls

The management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal financial assistance, the School District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. The internal control structure is subject to periodic evaluation by management of the School District and certain annual evaluations by the School District's independent auditors.

Budgetary Controls

The School District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Revised Code. The objective of these budget controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all funds except the General fund. For the General fund, legal level of control is at the fund/object level. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the succeeding years and are not reappropriated.

The basis of accounting and the various funds utilized by the Twinsburg City School District are fully described in Note 2 of the basic financial statements.

As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

Cash Management

The School District invests cash in accordance with the investment laws for public schools in the State of Ohio. The Treasurer of the School District is required to remain current on investment issues by attending an annual one-day workshop provided by the State Treasurer. The fiscal officer has complied with this obligation. During the year, the School District invested in Certificates of Deposit, Star Ohio, and an overnight “sweep” account that provides competitive rates for public entities. The Federal Deposit Insurance Corporation and/or collateral pledges of government securities protect all investments.

Risk Management

As a political subdivision, the School District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, property, boiler and machinery coverage and vehicle fleet liability are purchased from insurance companies licensed to do business in the State of Ohio.

The School District operates and manages its hospital and medical health benefits, dental benefits, and prescription drug benefits for employees on a self-insurance basis. A Third Party administers the program and an aggregate stop-loss insurance coverage is purchased as well so as to control the potential liabilities. Benefits are itemized in the plan booklet. Employee life insurance is purchased through a private company. Coverage and co-payments for all insurances are provided under negotiated agreements and/or board policy. All employees of the School District are covered by Ohio Workers’ Compensation. The School District is part of a group-rating program through the Ohio School Boards Association as allowed under current law. The program has benefited the School District by lower premiums and by providing workplace training information and support.

Pension Plans

All School District employees are covered by either the State Teachers Retirement System of Ohio (STRS) or the School Employees Retirement System of Ohio (SERS). Membership is mandatory for virtually all employees and law dictates which system an employee is to become a member. Members of STRS are required to contribute 10% of salaries and wages to the system. This is matched by 14% by the School District. Members of SERS are required to contribute 10% of salary and wages and the School District provides a 14% match. For employees under SERS who earn \$25,400 working a defined full year, the School District must pay the difference of the employers share as a surcharge. Membership in either plan excludes employees from Social Security payments. Employees hired after July 1, 1987 must pay 1.45% for Medicare and this amount is matched by the School District.

Other Information

Independent Audit

Provisions of the State statute require the School District's financial statements to be audited annually by the Ohio Auditor of State. This audit is also designed to meet the Federal Single Audit Act amendment of 1996. The Ohio Auditor of State performed the audit for the year ended June 30, 2004. The auditor's unqualified opinion rendered on the School District's basic financial statements, and their report on the combining and individual fund statements and schedules are included in the financial section of this Comprehensive Annual Financial Report.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its CAFR for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded this certificate, a government must publish an easily readable and efficiently organized report. The report must satisfy Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement Program Requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I wish to express my appreciation and thanks to the individuals who assisted with the preparation of this Comprehensive Annual Financial Report. It is with great pride that the Twinsburg City School District presents the 2004 Comprehensive Annual Financial Report to the citizens and taxpayers of the School District.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Martin Aho". The signature is fluid and cursive, with a long horizontal stroke at the end.

Martin Aho
Treasurer

Twinsburg City School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2004

Board of Education

Mr. William Buzulence	President
Mr. Stephen Shebeck	Vice President
Ms. Kate Cain-Criswell	Member
Mr. Joseph Nunney	Member
Mr. Phillip Studer	Member

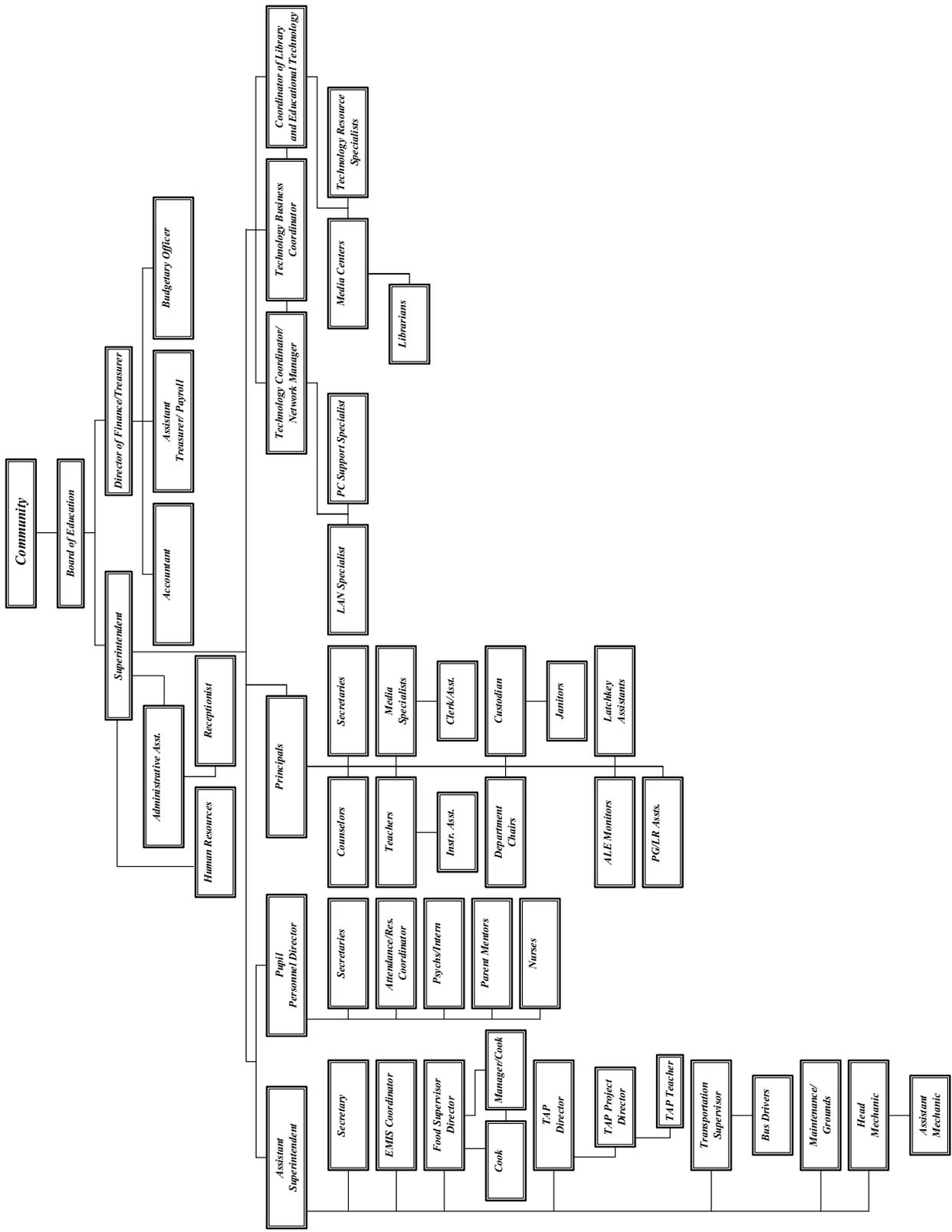
Treasurer

Mr. Martin Aho

Administration

Mr. James Jones	Superintendent
Mr. Stephen Marlow	Assistant Superintendent
Ms. Judy Henning	Director of Pupil Personnel
Ms. Susan Buckbee	Director of Curriculum/Staff Development

**Twinsburg City School District
Organizational Chart**



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Twinsburg City School District,
Ohio

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

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

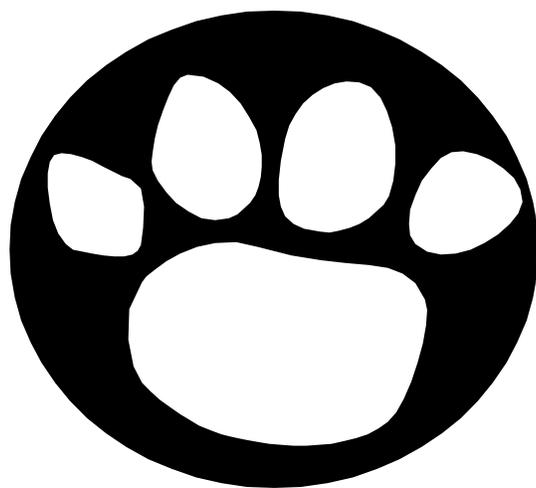


Nancy L. Ziehl

President

Jeffrey R. Enow

Executive Director



FINANCIAL SECTION



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Twinsburg City School District
Summit County
11136 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 12, 2005

Twinsburg City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

This discussion and analysis of Twinsburg City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- General revenues accounted for \$36,773,060 in revenue or 92.9 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants, contributions and interest accounted for \$2,796,644 or 7.1 percent of total revenues of \$39,569,704.
- The School District had \$42,000,077 in expenses related to governmental activities; program revenues offset \$2,796,644 of these expenses. \$36,773,060 of general revenues were available to provide for these programs resulting in a decrease in net assets of \$2,430,373.
- Of the total governmental expenses of \$42,000,078, the amount related to instruction amounted to \$20,437,049 or 48.7 percent of this total.
- At the end of the fiscal year, the deficit fund balance for the general fund is \$1,771,509, which is an increasing deficit from the prior year deficit balance of \$1,633,542.

Using this Annual Financial Report

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

The statement of net assets and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2004?" These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting, takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Twinsburg City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the School District's activities are considered to be all governmental activities.

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement debt service funds.

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

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole.

Twinsburg City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2004
 Unaudited

Table 1 provides a summary of the School District's net assets for 2004 compared to 2003.

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Assets		
<i>Current and other assets</i>	\$ 45,106,036	\$ 44,067,324
<i>Capital assets, net of depreciation</i>	<u>46,167,809</u>	<u>47,958,152</u>
<i>Total assets</i>	<u>91,273,845</u>	<u>92,025,476</u>
Liabilities		
<i>Current and other liabilities</i>	36,568,820	36,238,173
<i>Long-term liabilities:</i>		
<i>Due within one year</i>	4,167,451	3,205,650
<i>Due in more than one year</i>	<u>38,279,046</u>	<u>37,892,752</u>
<i>Total liabilities</i>	<u>79,015,317</u>	<u>77,336,575</u>
Net Assets		
<i>Invested in capital assets, net of debt</i>	8,699,470	12,392,903
<i>Restricted</i>	5,014,917	3,997,286
<i>Unrestricted</i>	<u>(1,455,859)</u>	<u>(1,701,288)</u>
<i>Total net assets</i>	<u>\$ 12,258,528</u>	<u>\$ 14,688,901</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the School District's assets exceeded liabilities by \$12,258,528.

Capital assets, net of related debt reported on the government-wide statements represent the largest component of net assets or 71 percent of total net assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles, and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$5,014,917, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$1,560,760 is restricted for debt service payments, \$2,398,200 is restricted for capital projects, and \$1,036,264 is restricted for other purposes. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs.

Twinsburg City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 2 shows change in net assets for fiscal year 2004 as compared to 2003:

Table 2
Change in Net Assets

	<i>Governmental Activities</i>	
	<u>2004</u>	<u>2003</u>
Revenues		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 1,385,946	\$ 1,350,988
<i>Operating grants, contributions and interest</i>	1,391,088	1,287,903
<i>Capital grants and contributions</i>	19,610	60,214
<i>General revenues:</i>		
<i>Property taxes</i>	31,150,496	32,876,557
<i>Grants and entitlements</i>	5,299,112	5,132,142
<i>Payments in lieu of taxes</i>	118,004	166,822
<i>Investment earnings</i>	107,146	144,319
<i>Miscellaneous</i>	98,302	144,850
<i>Total revenues</i>	<u>39,569,704</u>	<u>41,163,795</u>
Program Expenses		
<i>Instruction:</i>		
<i>Regular</i>	17,756,953	18,081,544
<i>Special</i>	2,450,839	2,066,144
<i>Vocational</i>	229,257	232,941
<i>Adult/continuing</i>	-	1,838
<i>Support services:</i>		
<i>Pupils</i>	2,692,062	2,068,969
<i>Instructional staff</i>	993,063	1,041,935
<i>Board of education</i>	233,491	457,425
<i>Administration</i>	2,554,777	1,891,545
<i>Fiscal</i>	641,556	743,385
<i>Business</i>	101,566	91,832
<i>Operation and maintenance of plant</i>	4,607,766	4,481,000
<i>Pupil transportation</i>	1,811,668	1,368,493
<i>Central</i>	1,005,290	1,126,835
<i>Operation on non-instructional services</i>	64,444	88,192
<i>Operation of food services</i>	1,185,271	1,130,591
<i>Extracurricular activities</i>	999,200	877,680
<i>Interest and fiscal charges</i>	4,612,660	2,218,043
<i>Loss on disposal of capital assets</i>	60,214	-
<i>Total expenses</i>	<u>42,000,077</u>	<u>37,968,392</u>
<i>Increase (decrease) in net assets</i>	(2,430,373)	3,195,403
<i>Net assets beginning of year</i>	<u>14,688,901</u>	<u>11,493,498</u>
<i>Net assets end of year</i>	<u>\$ 12,258,528</u>	<u>\$ 14,688,901</u>

Twinsburg City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$31.1 million in 2004. General revenues from grants and entitlements, such as the school foundation program, generated over \$5.2 million. With the combination of taxes and intergovernmental funding 92.1 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of Table 2 reflects several fluctuations in program expenses when comparing fiscal year's 2003 and 2004 expenses. It has been determined to be impractical to provide an analysis for each program function due to a change in the allocation of payroll related benefits during the current year. In the prior year, over 90 percent of payroll related benefits were allocated to the regular instruction program function. This amount dropped to approximately 70 percent in fiscal year 2004, with the balance being allocated across several other programs. In subsequent fiscal year's, a more detailed analysis of each individual program function will become more practical due to similar expensing of payroll benefits.

Overall, expenses for governmental activities increased \$4,031,685 or 10.6 percent over the fiscal year 2003 reported amounts. The most significant cause to this increase was due to interest and fiscal charges associated with the debt refunding of the 1996 new high school general obligation bonds. This event will be further discussed later within the debt section of this Analysis.

In addition to the costs associated with the debt refunding of bonds, the School District incurred costs increases over several program functions for the hiring of additional staff and an increase of 3.75 percent in teacher salaries, per negotiated agreement.

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

Twinsburg City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Program Expenses				
<i>Instruction:</i>				
Regular	\$ 17,756,953	\$ 18,081,544	\$ (17,457,968)	\$ (17,762,932)
Special	2,450,839	2,066,144	(1,971,029)	(1,637,635)
Vocational	229,257	232,941	(229,257)	(232,941)
Adult/continuing	-	1,838	6,152	31,143
<i>Support services:</i>				
Pupils	2,692,062	2,068,969	(2,313,928)	(1,786,191)
Instructional staff	993,063	1,041,935	(824,740)	(818,861)
Board of education	233,491	457,425	(233,491)	(457,425)
Administration	2,554,777	1,891,545	(2,530,588)	(1,879,677)
Fiscal	641,556	743,385	(641,556)	(743,385)
Business	101,566	91,832	(101,566)	(91,832)
Operation and maintenance of plant	4,607,766	4,481,000	(4,604,697)	(4,477,957)
Pupil transportation	1,811,668	1,368,493	(1,792,058)	(1,308,279)
Central	1,005,290	1,126,835	(1,005,290)	(1,126,835)
Operation of non-instructional services	64,444	88,192	28,767	(9,833)
Operation of food services	1,185,271	1,130,591	(107,398)	(74,062)
Extracurricular activities	999,200	877,680	(751,912)	(674,542)
Interest and fiscal charges	4,612,660	2,218,043	(4,612,660)	(2,218,043)
Loss on disposal of capital assets	60,214	-	(60,214)	-
Total	<u>\$ 42,000,077</u>	<u>\$ 37,968,392</u>	<u>\$ (39,203,433)</u>	<u>\$ (35,269,287)</u>

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$39,518,278 and total expenditures were \$39,467,830. Fund balance of the general fund decreased by \$137,967 as compared to the 2003 ending balance. Increases in payroll related expenditures were able to be offset by a reduction in other costs, as deemed necessary with an anticipated deficit predicted within the School Districts five-year forecast. For the bond retirement debt service fund, which is the only other major fund, fund balance increased \$631,965, which was primarily caused from the recognition of a premium from the debt refunding transactions during the year. This premium will however, be deferred over the life of the bonds on accrual basis of accounting. This event will be further discussed later within the debt section of this Analysis.

General Fund Budgeting Highlights

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

Twinsburg City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2004
 Unaudited

During fiscal year 2004, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$30,805,764, which was a \$420,279 decrease from the original budget estimate of \$31,226,043. The most significant factor which caused this change was due to a reduction in estimated tax receipts. This estimate is provided by the County Budget Commission, which changed the estimate based on additional information that became available during the fiscal year. Actual tax receipts received were still less than final budgeted amounts. The actual budget basis revenue had an insignificant decrease of less than one percent from the final budget estimate.

The original appropriation amount of \$34,382,946 was revised during the fiscal year to a final amount of \$32,598,062. The reduction of \$1,784,884 was necessary with the need to cut operating costs in order to conserve resources to help offset a budget deficit anticipated in fiscal year 2006, as computed by the School District's five-year forecast. These cost saving measures proved effective, as actual general fund expenditures (including encumbrances) plus other financing uses were less than the final appropriation amount authorized by the Board of Education. The actual expenditures fell below the final budgeted expenditure amount by 1.5%.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$46,167,809 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003.

Table 4
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
<i>Land</i>	\$ 1,147,310	\$ 1,147,310
<i>Land improvements</i>	1,268,594	1,367,803
<i>Buildings and improvements</i>	42,655,289	44,375,101
<i>Furniture, fixtures and equipment</i>	625,364	710,993
<i>Vehicles</i>	471,252	356,945
<i>Total capital assets</i>	<u>\$ 46,167,809</u>	<u>\$ 47,958,152</u>

The most significant purchases during the year were for six school buses used in the transportation of students. The total carrying value capital assets decreased \$1,790,343 due to the recognition of current year depreciation expense. See Note 7 to the basic financial statements for detail on the School District's capital assets.

Twinsburg City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2004
 Unaudited

Debt

At June 30, 2004 the School District had \$37,784,126 in bonds (including unamortized bond premium and bond accretion) and notes outstanding with \$2,881,184 due within one year. The School District also had \$3,060,000 in tax anticipation notes outstanding with \$1,020,000 due within one year. During the year, the School District refinanced the 1996 new high school general obligation bonds with the issuance of \$27.8 million in 2004 school facilities refunding bonds. Table 5 summarizes debt outstanding as of June 30:

*Table 5
 Outstanding Debt at Fiscal Year End*

	<i>Governmental Activities 2004</i>	<i>Governmental Activities 2003</i>
<i>General obligation bonds</i>	<i>\$ 36,655,125</i>	<i>\$ 34,339,978</i>
<i>Long-term notes</i>	<i>1,189,000</i>	<i>1,225,271</i>
<i>Tax anticipation notes</i>	<i>3,060,000</i>	<i>4,080,000</i>
<i>Total outstanding</i>	<u><u><i>\$ 40,904,125</i></u></u>	<u><u><i>\$ 39,645,249</i></u></u>

At June 30, 2004, the School District's overall legal debt margin was \$41,358,819 with an unvoted debt margin of \$861,157. The School District bond rating was unchanged during the year. See Notes 14 and 15 to the basic financial statements for detail on the School District's long-term obligations.

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges. These challenges stem from issues that are at the local and State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong. The School District will be able to continue providing the current education programs as a result of its citizenry passing a 4.65 mill levy, with collections beginning in January 2005.

A challenge facing the School District is the future of State funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Ohio General Assembly was directed to enact a school-funding mechanism that is to be thorough and efficient. The School District is unable to determine what effect, if any, this decision will have on future funding from the State. See Note 17 to the basic financial statements for more on this contingent matter.

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Twinsburg City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional financial information, contact Martin Aho, Treasurer, at Twinsburg City School District, 11136 Ravenna Road, Twinsburg OH, 44087-1022

Twinsburg City School District

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 10,768,229
Receivables:	
Taxes	33,490,679
Accounts	29,156
Intergovernmental	379,410
Accrued interest	4,803
Inventory held for resale	35,145
Materials and supplies inventory	22,828
Deferred charges	375,786
Capital assets:	
Land	1,147,310
Depreciable capital assets, net	45,020,499
Total capital assets	<u>46,167,809</u>
Total assets	<u>91,273,845</u>
 <u>Liabilities:</u>	
Accounts payable	166,397
Accrued wages	3,161,862
Intergovernmental payable	1,216,914
Matured compensated absences payable	120,277
Deferred revenue	31,054,003
Undistributed monies	5,764
Accrued interest payable	182,936
Claims payable	660,667
Long-term liabilities:	
Due within one year	4,167,451
Due in more than one year	38,279,046
Total liabilities	<u>79,015,317</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	8,699,470
Restricted for:	
Capital projects	2,398,200
Debt service	1,560,760
Permanent fund purpose - scholarships	
Expendable	9,693
Nonexpendable	10,000
Other purposes	1,036,264
Unrestricted	<u>(1,455,859)</u>
Total net assets	<u>\$ 12,258,528</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 17,756,953	\$ 30,583	\$ 268,402	\$ -	\$ (17,457,968)
Special	2,450,839	-	479,810	-	(1,971,029)
Vocational	229,257	-	-	-	(229,257)
Adult/continuing	-	5,448	704	-	6,152
Support services:					
Pupils	2,692,062	266,380	111,754	-	(2,313,928)
Instructional staff	993,063	-	168,323	-	(824,740)
Board of education	233,491	-	-	-	(233,491)
Administration	2,554,777	-	24,189	-	(2,530,588)
Fiscal	641,556	-	-	-	(641,556)
Business	101,566	-	-	-	(101,566)
Operation and maintenance of plant	4,607,766	-	3,069	-	(4,604,697)
Pupil transportation	1,811,668	-	-	19,610	(1,792,058)
Central	1,005,290	-	-	-	(1,005,290)
Operation of non-instructional services	64,444	-	93,211	-	28,767
Operation of food services	1,185,271	836,247	241,626	-	(107,398)
Extracurricular activities	999,200	247,288	-	-	(751,912)
Interest and fiscal charges	4,612,660	-	-	-	(4,612,660)
Loss on disposal of capital assets	60,214	-	-	-	(60,214)
Total governmental activities	\$ 42,000,077	\$ 1,385,946	\$ 1,391,088	\$ 19,610	(39,203,433)

General Revenues:

Property taxes levied for:

General purposes	26,589,045
Debt service	2,724,649
Capital outlay	1,836,802
Grants and entitlements not restricted to specific programs	5,299,112
Payment in lieu of taxes	118,004
Investment earnings	107,146
Miscellaneous	98,302
Total general revenues	36,773,060

Change in net assets (2,430,373)

Net assets beginning of year 14,688,901

Net assets end of year \$ 12,258,528

See accompanying notes to the basic financial statements.

Twinsburg City School District

Balance Sheet

Governmental Funds

June 30, 2004

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 3,146,942	\$ 1,547,213	\$ 3,418,175	\$ 8,112,330
Receivables:				
Taxes	27,252,360	4,261,853	1,976,466	33,490,679
Accounts	19,156	-	10,000	29,156
Intergovernmental	-	-	379,410	379,410
Interfund	253,597	-	27,501	281,098
Accrued interest	4,803	-	-	4,803
Inventory held for resale	-	-	35,145	35,145
Materials and supplies inventory	18,004	-	4,824	22,828
Equity in pooled cash and cash equivalents (restricted)	1,016,504	-	-	1,016,504
Total assets	\$ 31,711,366	\$ 5,809,066	\$ 5,851,521	\$ 43,371,953
<u>Liabilities:</u>				
Accounts payable	\$ 124,112	\$ -	\$ 42,285	\$ 166,397
Accrued wages	2,968,433	-	193,429	3,161,862
Interfund payable	-	-	281,098	281,098
Intergovernmental payable	838,242	-	3,168	841,410
Matured compensated absences payable	120,277	-	-	120,277
Deferred revenue	26,359,981	4,170,258	2,022,968	32,553,207
Undistributed monies	5,764	-	-	5,764
Accrued interest payable	6,066	-	-	6,066
Notes payable	3,060,000	-	-	3,060,000
Total liabilities	\$ 33,482,875	\$ 4,170,258	\$ 2,542,948	\$ 40,196,081
<u>Fund balances:</u>				
Reserved:				
Reserved for encumbrances	306,416	-	353,557	659,973
Reserved for textbooks and instructional materials	62,288	-	-	62,288
Unreserved, undesignated, reported in:				
General fund	(2,140,213)	-	-	(2,140,213)
Special revenue funds	-	-	888,378	888,378
Debt service fund	-	1,638,808	-	1,638,808
Capital projects funds	-	-	2,046,945	2,046,945
Permanent fund	-	-	19,693	19,693
Total fund balances	(1,771,509)	1,638,808	3,308,573	3,175,872
Total liabilities and fund balances	\$ 31,711,366	\$ 5,809,066	\$ 5,851,521	\$ 43,371,953

See accompanying notes to the basic financial statements.

Twinsburg City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

Total governmental funds balances		\$ 3,175,872
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		46,167,809
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 1,374,288	
Charges for services	18,200	
Intergovernmental	96,716	
Miscellaneous	10,000	
Total	1,499,204	1,499,204
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		978,728
Deferred charges are included in the governmental activities in the statement of net assets.		375,786
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.		(375,504)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (34,470,201)	
Capital appreciation bonds	(2,184,924)	
Energy conservation bonds	(1,189,000)	
Compensated absences	(1,542,372)	
Accrued interest payable	(176,870)	
Total	(39,563,367)	(39,563,367)
Net assets of governmental activities		\$ 12,258,528

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 26,511,461	\$ 2,737,710	\$ 1,847,359	\$ 31,096,530
Intergovernmental	4,822,387	285,712	1,606,609	6,714,708
Interest	106,599	-	1,858	108,457
Tuition and fees	10,886	-	277,784	288,670
Extracurricular activities	-	-	247,290	247,290
Gifts and donations	-	-	8,686	8,686
Charges for services	-	-	836,247	836,247
Rent	44,874	-	4,542	49,416
Payment in lieu of taxes	118,004	-	-	118,004
Miscellaneous	46,120	-	4,150	50,270
Total revenues	<u>31,660,331</u>	<u>3,023,422</u>	<u>4,834,525</u>	<u>39,518,278</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	16,537,446	-	289,376	16,826,822
Special	1,881,884	-	572,335	2,454,219
Vocational	229,247	-	-	229,247
Support services:				
Pupils	2,377,673	-	328,527	2,706,200
Instructional staff	619,190	-	157,863	777,053
Board of education	233,304	-	-	233,304
Administration	2,400,573	-	21,960	2,422,533
Fiscal	637,950	-	5,371	643,321
Business	101,072	-	-	101,072
Operation and maintenance of plant	3,550,900	-	932,057	4,482,957
Pupil transportation	1,530,957	-	103,876	1,634,833
Central	729,415	-	206,299	935,714
Operation of non-instructional services	61	-	64,383	64,444
Operation of food services	-	-	1,133,653	1,133,653
Extracurricular activities	656,615	-	231,433	888,048
Capital outlay	-	-	357,360	357,360
Debt service:				
Principal retirement	62,000	1,505,000	339,000	1,906,000
Interest and fiscal charges	220,717	1,023,500	12,926	1,257,143
Bond issuance costs	-	413,907	-	413,907
Total expenditures	<u>31,769,004</u>	<u>2,942,407</u>	<u>4,756,419</u>	<u>39,467,830</u>
Excess of revenues over (under) expenditures	<u>(108,673)</u>	<u>81,015</u>	<u>78,106</u>	<u>50,448</u>
<u>Other financing sources (uses):</u>				
Refunding bonds issued	-	27,809,925	-	27,809,925
General obligation bonds issued	-	-	364,729	364,729
Premium on debt issuance	-	4,141,671	-	4,141,671
Discount on debt issuance	-	-	(25,024)	(25,024)
Payment to refunded bond escrow agent	-	(31,400,646)	-	(31,400,646)
Transfers in	-	-	29,294	29,294
Transfers out	(29,294)	-	-	(29,294)
Total other financing sources (uses)	<u>(29,294)</u>	<u>550,950</u>	<u>368,999</u>	<u>890,655</u>
Net change in fund balances	(137,967)	631,965	447,105	941,103
Fund balances beginning of year	(1,633,542)	1,006,843	2,861,468	2,234,769
Fund balances end of year	<u>\$ (1,771,509)</u>	<u>\$ 1,638,808</u>	<u>\$ 3,308,573</u>	<u>\$ 3,175,872</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004**

Net change in fund balances - total governmental funds	\$	941,103
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions, net	\$	319,632
Depreciation expense		<u>(2,049,761)</u>
Excess of depreciation expense over net capital asset additions		(1,730,129)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(60,214)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$	53,964
Charges for services		9,200
Intergovernmental		(21,738)
Miscellaneous		<u>10,000</u>
Net change in deferred revenues during the year		51,426
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,906,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	\$	(89,219)
Increase in pension obligation		(60,587)
Bond accretion		(59,999)
Increase in accrued interest		<u>(23,175)</u>
Total reduced expenditures		(232,980)
The issuance of long-term notes results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as long-term assets and liabilities.		(364,729)
The issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as long-term assets and liabilities.		
Payment to refunded bond escrow agent	\$	31,400,646
Proceeds of refunding bonds		(27,809,925)
Interest payment on refunding bonds		(3,590,646)
Issuance cost		413,907
Premium on refunding bonds issued		<u>(4,141,671)</u>
Net change caused by the issuance and refunding of bonds		(3,727,689)
The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities.		
Issuance cost	\$	(38,121)
Premium		<u>381,448</u>
Total additional expenses		343,327
The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated		<u>443,512</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(2,430,373)</u>

Twinsburg City School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 26,390,468	\$ 25,654,078	\$ 25,448,389	\$ (205,689)
Intergovernmental	4,435,075	4,721,714	4,822,387	100,673
Interest	62,057	98,000	101,796	3,796
Tuition and fees	1,500	16,500	10,886	(5,614)
Extracurricular activities	2,000	1,000	-	(1,000)
Rent	40,000	41,000	44,874	3,874
Payment in lieu of taxes	100,000	118,004	118,004	-
Miscellaneous	35,808	35,808	48,419	12,611
Total revenues	<u>31,066,908</u>	<u>30,686,104</u>	<u>30,594,755</u>	<u>(91,349)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	18,510,975	16,564,189	16,505,738	58,451
Special	1,917,851	1,904,916	1,892,285	12,631
Vocational	210,470	238,285	235,944	2,341
Support services:				
Pupils	2,395,272	2,361,456	2,347,553	13,903
Instructional staff	687,330	649,225	633,580	15,645
Board of education	346,567	473,182	387,941	85,241
Administration	2,326,128	2,270,166	2,252,455	17,711
Fiscal	773,152	817,020	679,005	138,015
Business	98,104	104,793	97,149	7,644
Operation and maintenance of plant	4,077,812	3,822,498	3,714,856	107,642
Pupil transportation	1,482,342	1,542,621	1,533,671	8,950
Central	796,708	815,857	794,462	21,395
Extracurricular activities	645,900	668,177	663,709	4,468
Debt service:				
Principal retirement	62,000	62,000	62,000	-
Interest and fiscal charges	52,085	53,427	53,427	-
Total expenditures	<u>34,382,696</u>	<u>32,347,812</u>	<u>31,853,775</u>	<u>494,037</u>
Excess of revenues over (under) expenditures	<u>(3,315,788)</u>	<u>(1,661,708)</u>	<u>(1,259,020)</u>	<u>402,688</u>
<u>Other financing sources (uses):</u>				
Refund of prior year receipts	(250)	(250)	(122)	128
Advances in	119,135	119,660	119,309	(351)
Advances out	-	(220,706)	(237,406)	(16,700)
Transfers in	40,000	-	-	-
Transfers out	-	(29,294)	(29,294)	-
Total other financing sources (uses)	<u>158,885</u>	<u>(130,590)</u>	<u>(147,513)</u>	<u>(16,923)</u>
Net change in fund balance	(3,156,903)	(1,792,298)	(1,406,533)	385,765
Fund balances at beginning of year	4,711,240	4,711,240	4,711,240	-
Prior year encumbrances appropriated	428,511	428,511	428,511	-
Fund balances at end of year	<u>\$ 1,982,848</u>	<u>\$ 3,347,453</u>	<u>\$ 3,733,218</u>	<u>\$ 385,765</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2004

	Self Insurance
<u>Assets:</u>	
Cash and cash equivalents:	
In segregated accounts	\$ 1,639,395
<u>Liabilities:</u>	
Claims payable	660,667
<u>Net assets:</u>	
Unrestricted	978,728
Total liabilities and net assets	\$ 1,639,395

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 4,080,058
 <u>Operating expenses:</u>	
Purchased services	285,480
Claims	3,319,078
Other	31,988
Total operating expenses	<u>3,636,546</u>
 Change in net assets	 443,512
 Net assets beginning of year	 <u>535,216</u>
Net assets end of year	<u>\$ 978,728</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 4,080,058
Cash payments to suppliers for goods and services	(317,468)
Cash payments for claims	<u>(3,288,038)</u>
Net cash provided by operating activities	<u>474,552</u>
 Net increase in cash and cash equivalents	 474,552
 Cash and cash equivalents at beginning of year	 <u>1,164,843</u>
Cash and cash equivalents at end of year	<u>\$ 1,639,395</u>
 <u>Reconciliation of operating income to net cash provided by operating activities:</u>	
 Operating income	 <u>\$ 443,512</u>
 Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in liabilities:	
Claims payable	31,040
Net cash provided by operating activities	<u>\$ 474,552</u>

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 23,790	\$ 194,449
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 383
Due to students	-	194,066
Total liabilities	-	\$ 194,449
<u>Net assets:</u>		
Held in trust for scholarships	\$ 23,790	

See accompanying notes to the basic financial statements.

Twinsburg City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2004

	<u>Scholarships</u>
<u>Additions:</u>	
Interest	\$ 160
Gifts and donations	<u>6,260</u>
Total additions	<u>6,420</u>
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>1,500</u>
Change in net assets	4,920
Net assets beginning of year	<u>18,870</u>
Net assets end of year	<u>\$ 23,790</u>

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's five instructional/support facilities staffed by 178 non-certificated employees and 286 certificated (including administrators) teaching and support personnel that provide services to 3,710 students and other community members.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, preschool and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2004.

The School District is associated with the Northeast Ohio Network for Educational Technology (NEOnet) and the Cuyahoga Valley Career Center. These organizations are presented in Note 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School 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 entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

A. Basis of Presentation - Fund Accounting

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

Governmental Fund Types:

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

Twinsburg City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Bond Retirement Fund: The bond retirement fund is a debt service fund and is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, and dental and vision claims of School District employees.

Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust, which account for scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's most significant agency fund reports resources that belong to the student bodies of the various schools.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

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

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

The private purpose trust fund is reported using the economic resources measurement focus.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and the internal service, private purpose trust and agency funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenue - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of 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. Revenue from property taxes is recognized in the fiscal year for which 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 a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, investment earnings, tuition, grants and entitlements, and student fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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 governmental funds.

D. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the objective level for the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

E. 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 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". During the fiscal year, investments were limited to overnight repurchase agreements and interest in Star Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds; required by a grant agreement; or when approved by the Board of Education to be recorded in another fund. The Board of Education has passed a resolution to allow interest to also be recorded in other funds.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed. There are no prepaid items reported as of year end.

G. Interfund Balances

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

H. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories of the general fund consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, and laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve or designated for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

Twinsburg City School District
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2004

J. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

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

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
<i>Land improvements</i>	<i>5 - 20 years</i>
<i>Buildings and improvements</i>	<i>20 - 50 years</i>
<i>Furniture, fixtures and equipment</i>	<i>3 - 20 years</i>
<i>Vehicles</i>	<i>10 - 20 years</i>

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Interfund Transactions

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of the fund.

P. 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.

Q. Fund Balance Reserves

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances and the purchase of textbooks and instructional materials.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Net Change in Fund Balance

		<u>General</u>
<i>GAAP Basis</i>	\$	<i>(137,967)</i>
<i>Revenue Accruals</i>		<i>(946,267)</i>
<i>Expenditure Accruals</i>		<i>124,127</i>
<i>Encumbrances (Budget Basis)</i>		
<i>Outstanding at year end</i>		<u><i>(446,426)</i></u>
<i>Budget Basis</i>	\$	<u><u><i>(1,406,533)</i></u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Twinsburg City School District
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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: The carrying value of the School District's deposits totaled \$2,614,525 and the bank balances of the deposits totaled \$2,955,752. Of the bank balance, \$200,000 was covered by federal depository insurance. \$2,755,752 was collateralized with securities held by the pledging financial institution's trust department, but not in the School District's name.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

For the fiscal year ended June 30, 2004, the School District reported \$1,016,504 in "Equity in pooled cash and cash equivalents (restricted)" on the balance sheet. This amount represents \$954,216 in designated budget stabilization (see Note 2.I.) and \$62,288 in a reserve for textbooks and instructional materials (see Note 18). Since the School District has a negative unreserved, undesignated reported in the general fund, there is no designated amount for budget stabilization reported on the balance sheet.

Investments: GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School 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 School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

All interest is legally required to be placed in the general fund, the food service, public support and auxiliary services special revenue funds, the endowment permanent fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2004 amount to \$106,599, which includes \$90,447 assigned from other School District funds.

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
<i>Repurchase Agreements</i>	<u>\$ 6,370,000</u>	\$ 6,370,000
<u>Noncategorized Investments</u>		
<i>State Treasurer's Pool</i>		<u>2,001,943</u>
<i>Total Investments</i>		<u>\$ 8,371,943</u>

The School District's investment in Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

NOTE 5 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value for inventory.

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Notes to the Basic Financial Statements
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only a portion of the amount available as an advance at year-end is intended to finance current year 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 as an advance at year-end was \$910,579 in the general fund, \$91,595 in the bond retirement debt service fund and \$60,214 in the permanent improvement capital projects fund and is recognized as revenue on the fund financial statements. The School District receives payments in lieu of certain tax payments as a result of negotiated tax abatement agreements. On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>2003</u> <u>Assessed Value</u>	<u>2002</u> <u>Assessed Value</u>
<u>Real Property</u>		
<i>Residential and agricultural</i>	\$ 456,766,720	\$ 446,250,770
<i>Commercial, industrial and minerals</i>	198,586,600	203,976,250
<i>Public utilities</i>	32,590	30,430
<u>Tangible Personal Property</u>		
<i>General</i>	190,605,189	202,151,778
<i>Public utilities</i>	15,165,980	15,280,500
<i>Total</i>	<u>\$ 861,157,079</u>	<u>\$ 867,689,728</u>

NOTE 6 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), and intergovernmental grants and entitlements. 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. Special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements in the amount of \$379,410.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2004</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,147,310	\$ -	\$ -	\$ 1,147,310
<i>Capital assets, being depreciated:</i>				
Land improvements	2,493,149	3,000	-	2,496,149
Buildings and improvements	58,935,976	-	(76,849)	58,859,127
Furniture, fixtures and equipment	1,530,928	21,328	(28,484)	1,523,772
Vehicles	2,159,351	346,991	(263,700)	2,242,642
<i>Total capital assets, being depreciated</i>	<u>65,119,404</u>	<u>371,319</u>	<u>(369,033)</u>	<u>65,121,690</u>
<i>Less: Accumulated depreciation</i>				
Land improvements	(1,125,346)	(102,209)	-	(1,227,555)
Buildings and improvements	(14,560,875)	(1,647,574)	4,611	(16,203,838)
Furniture, fixtures and equipment	(819,935)	(106,957)	28,484	(898,408)
Vehicles	(1,802,406)	(193,021)	224,037	(1,771,390)
<i>Total accumulated depreciation</i>	<u>(18,308,562)</u>	<u>(2,049,761)</u>	<u>257,132</u>	<u>(20,101,191)</u>
<i>Total capital assets being depreciated, net</i>	<u>46,810,842</u>	<u>(1,678,442)</u>	<u>(111,901)</u>	<u>45,020,499</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 47,958,152</u>	<u>\$ (1,678,442)</u>	<u>\$ (111,901)</u>	<u>\$ 46,167,809</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	<u>Amount</u>
Regular	\$ 1,080,008
Special	25,255
<i>Support services:</i>	
Instructional staff	223,235
Administration	162,539
Operation and maintenance of plant	118,407
Pupil transportation	193,021
Central	80,945
Operation of food services	56,517
Extracurricular activities	109,834
	<u>\$ 2,049,761</u>

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2004 consisted of the following:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
<i>General fund</i>	\$ 253,597	\$ -
<i>Nonmajor governmental funds</i>	<u>27,501</u>	<u>281,098</u>
<i>Totals</i>	<u>\$ 281,098</u>	<u>\$ 281,098</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2004, all interfund loans outstanding are anticipated to be repaid in fiscal year 2005.

NOTE 9 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2004, consisted of the following:

	<i>Transfer Out: General Fund</i>
<i>Transfer In:</i>	
<i>Nonmajor funds</i>	\$ 29,294

During the year, the general fund transferred \$10,927 and \$18,367 to the Title VI-B and Title I grant funds, respectively. Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

NOTE 10 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

As of June 30, 2004, several funds had deficit fund balances. These deficits were caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following funds had deficit balances:

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

	<u>Amount</u>
General fund	\$ 1,771,509
<u>Nonmajor special revenue funds:</u>	
Alternative schools	5,787
Title VI-B	53,348
EHA preschool grant	2,600
Improving teacher quality	21,089
Miscellaneous federal grants	3,216

B. Compliance

Contrary to the Ohio Revised Code (ORC) 5705.41, nine funds of the School District reported final expenditures, plus outstanding encumbrances, in excess of appropriations at the legal level of control. To prevent future violations, the School District has implemented procedures, which increase the monitoring of expenditures and obligations as compared to appropriations. The funds reporting these violations are as follows:

	<u>Fund</u>	<u>Amount</u>
General fund - fringe benefits		\$ 13,065
<u>Nonmajor special revenue funds:</u>		
Auxiliary services		32
Title VI-B		74,902
Title III		5,078
Title I		45,908
Title V		3,901
IDEA preschool grant for the handicapped		571
Title II-A		13,508
Self insurance internal service fund		21,319

Contrary to ORC 5705.39, the School District had seven funds which reported appropriations exceeding certified estimated resources as of June 30, 2004. To prevent future violations, the School District has implemented additional procedures which compare appropriated amounts versus certified estimated resources. The funds reporting these violations are as follows:

	<u>Estimated</u>		
<u>Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<u>Nonmajor special revenue funds:</u>			
Management information systems	23,148	23,149	(1)
Disadvantaged pupil impact aid	23,165	25,687	(2,522)
SchoolNet professional development	2,800	6,940	(4,140)
Summer intervention	61,986	66,590	(4,604)
Alternative schools	47,000	48,631	(1,631)
Title VI-B	423,085	442,237	(19,152)
Miscellaneous federal grants	11,870	12,133	(263)

NOTE 11 - 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. The School District has established a self-insurance fund (an internal service fund) to account for and finance its employee health benefits plan. Under this program, the self-insurance fund provides coverage for up to an annual maximum of \$95,000 for each health benefits claim, capped at \$2,000,000 annually for all claims. The School District purchases commercial insurance for claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial coverage, nor have there been any significant reductions in coverage in any of the past three fiscal years.

All funds of the School District participate in the program and make payments to the self-insurance fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The School District's independent third-party administrator has actuarially determined that \$660,667 is a good and sufficient provision for all un-matured claim obligations (including both reported but unpaid claims and incurred but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 2004.

The claims liability of \$660,667 reported in the fund at June 30, 2004 is based on the provisions of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability for the current and prior fiscal years are as follows:

<i>Fiscal Year</i>	<i>Balance at Beginning of Year</i>	<i>Current Year Claims</i>	<i>Claim Payments</i>	<i>Balance at End of Year</i>
2003	\$ 608,759	3,040,560	(3,019,692)	\$ 629,627
2004	\$ 629,627	3,319,078	(3,288,038)	\$ 660,667

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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School 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, annual cost-of-living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Twinsburg City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2003, 8.17% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$531,142, \$427,692, and \$266,601, respectively; 37% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$332,332, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers - Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227 - 4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

For the fiscal year ended June 30, 2004 plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2003, 13% was the portion used to fund pension obligations. 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,089,171, \$2,089,660, and \$1,601,371, respectively; 79% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$435,374, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2004 were \$23,254 made by the School District and \$44,590 made by the plan members.

NOTE 13 - POST-EMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$160,705 during the 2004 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.1 billion at June 30, 2004. For the year ended June 30, 2004, the net health care costs paid by the STRS were \$268,739,000 and eligible benefit recipients totaled 111,853.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced 50% for those who apply. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$389,721, which includes a surcharge of \$102,823 during the 2004 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

the target level was \$335.2 million. At June 30, 2004, the SERS's net assets available for payment of health care benefits were \$300.8 million, at cost. The number of participants receiving health care benefits was approximately 62,000.

NOTE 14 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

The changes in long-term obligations of the School District during the fiscal year were as follows:

	<i>Balance July 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30</i>	<i>Due within one year</i>
<u>Governmental Long-term Obligations</u>					
<i>General Obligation Bonds</i>					
<i>2002 Various Purpose</i>					
<i>Improvement Refunding, 3.00%, maturing December 1, 2011</i>	\$ 5,664,978	\$ -	\$ (640,000)	\$ 5,024,978	\$ 660,000
<i>1996 New High School, 5.80% maturing December 1, 2021</i>	28,675,000	-	(28,675,000)	-	-
<i>2004 School Facilities Refunding Bonds, 2.0-5.0%, maturing December 1, 2021</i>	-	27,809,925	-	27,809,925	1,800,000
<i>Accretion on Capital Appreciation Bonds</i>	-	59,999	-	59,999	-
<i>Unamortized premium</i>	-	4,141,671	(381,448)	3,760,223	356,184
<i>Total bonds</i>	<u>34,339,978</u>	<u>32,011,595</u>	<u>(29,696,448)</u>	<u>36,655,125</u>	<u>2,816,184</u>
<i>Long-term Notes</i>					
<i>2003 OASBO Asset Pool, 3.53% maturing April 28, 2004</i>	339,000	-	(339,000)	-	-
<i>2003 OASBO Energy Conservation, 5.00%, maturing December 1, 2017</i>	886,271	364,729	(62,000)	1,189,000	65,000
<i>Total notes</i>	<u>\$ 1,225,271</u>	<u>\$ 364,729</u>	<u>\$ (401,000)</u>	<u>\$ 1,189,000</u>	<u>\$ 65,000</u>
<i>Other Long-term Obligations</i>					
<i>Long-term compensated absences</i>	<u>1,453,153</u>	<u>368,913</u>	<u>(279,694)</u>	<u>1,542,372</u>	<u>266,267</u>
<i>Total governmental long-term obligations</i>	<u>\$ 37,018,402</u>	<u>\$ 32,745,237</u>	<u>\$ (30,377,142)</u>	<u>\$ 39,386,497</u>	<u>\$ 3,147,451</u>

General Obligation Bonds: General obligation bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

Twinsburg City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

On April 13, 2004, the School District issued \$27.8 million in general obligation bonds which include serial and capital appreciation bonds with interest rates varying between 2.0-5.0% to refund \$27.8 million of outstanding School Improvement Bonds with an average interest rate of 5.8%. The final amount of the 2004 capital appreciation bonds will be \$2,124,925. The net proceeds of the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the portion of the bonds refunded. As a result, the bonds are considered to be defeased and the liability is not reported by the School District.

Long-term Notes: Long-term notes are direct obligations of the School District for which its full faith and credit are pledged for repayment. Long-term notes are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the capital improvements capital project fund (2003 OASBO note) and the general fund (2004 OASBO note).

Compensated absences: Sick leave benefits will be paid from the fund from which the person is paid. In prior years this fund has primarily been the general fund.

Principal and interest requirements to amortize all bonds and notes outstanding at June 30, 2004 are as follows:

<i>Fiscal Year</i>	<u>2002 Various Improvement Refunding</u>		<u>2003 OASBO Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	660,000	148,532	65,000	50,393
2006	675,000	130,499	67,000	48,405
2007	386,131	424,749	69,000	46,122
2008	343,847	467,032	72,000	43,539
2009	695,000	103,505	75,000	40,592
2010-2014	2,265,000	132,986	426,000	149,309
2015-2019	-	-	415,000	40,867
<i>Total</i>	<u>\$ 5,024,978</u>	<u>\$ 1,407,303</u>	<u>\$ 1,189,000</u>	<u>\$ 419,227</u>

<i>Fiscal Year</i>	<u>2004 School Facilities Refunding Bonds</u>			
	<u>Serial</u>		<u>Capital Appreciation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	1,800,000	1,178,369	-	-
2006	1,445,000	1,005,170	-	-
2007	1,475,000	975,970	-	-
2008	-	961,220	706,583	798,418
2009	-	961,220	573,842	931,159
2010-2014	4,715,000	4,495,551	844,500	2,165,499
2015-2019	9,445,000	2,660,156	-	-
2020-2022	6,805,000	441,681	-	-
<i>Total</i>	<u>\$ 25,685,000</u>	<u>\$ 12,679,337</u>	<u>\$ 2,124,925</u>	<u>\$ 3,895,076</u>

Bonds maturing in fiscal year 2008-2011 are capital appreciation bonds with an approximate yield of 2.32% - 3.44%.

NOTE 15 - TAX ANTICIPATION NOTES

The changes in tax anticipation notes of the School District during the fiscal year were as follows:

<u>Tax Anticipation Notes</u>	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30</u>	<u>Due within</u> <u>one year</u>
2001 General fund, 4.90% maturing December 1, 2006	4,080,000	-	(1,020,000)	3,060,000	1,020,000

Principal and interest requirements to amortize tax anticipation notes outstanding at June 30, 2004 are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Tax Anticipation Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,020,000	127,245	1,147,245
2006	1,020,000	76,347	1,096,347
2007	<u>1,020,000</u>	<u>25,449</u>	<u>1,045,449</u>
Total	\$ 3,060,000	\$ 229,041	\$ 3,289,041

The outstanding tax anticipation notes are obligations of the general fund.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among seventeen school districts. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. During the current fiscal year, the School District contributed \$16,240 to NEOnet.

Cuyahoga Valley Career Center is a vocational school district which is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the School District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the School District.

NOTE 17 - CONTINGENCIES

The School District is party to legal proceedings. However, the School District’s management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 adverse effect on the overall financial position of the School District at June 30, 2004.

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

The Supreme Court relinquished jurisdiction over the case and directed “... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...”.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 18 - STATUTORY RESERVES

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be presented as being carried forward to the next fiscal year for the capital maintenance reserve. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of June 30, 2003</i>	\$ 94,351	\$ -	\$ 94,351
<i>Current year set-aside requirement</i>	555,827	555,827	1,111,654
<i>Qualifying disbursements</i>	<u>(587,890)</u>	<u>(2,162,275)</u>	<u>(2,750,165)</u>
<i>Total</i>	<u>\$ 62,288</u>	<u>\$ (1,606,448)</u>	<u>\$ (1,544,160)</u>
<i>Balance carried forward to future years</i>	<u>\$ 62,288</u>		<u>\$ 62,288</u>

Twinsburg City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 19 - ENDOWMENT

In a prior year the School District accepted an endowment gift of \$10,000, as allowed by ORC 3313.36. These funds are to be held for the purpose of earning interest, of which fifty percent is to be awarded as a scholarship each year. If no scholarship is awarded in any year, the allotted amount may be added to the amount to be granted to one or more scholarships the following year, and so on. The scholarship awarded shall be to a graduate of the School District, which is to be used toward a college or university education as an elementary education major. The recipients shall be determined by a committee of three persons selected from the teaching staff of the School District's high school by the Superintendent of the School District. As of June 30, 2004, the endowment gift has accumulated \$9,693 in investment earnings and is reported as expendable "Restricted for permanent fund purposes-scholarships". The initial \$10,000 endowment gift is reported as nonexpendable "Restricted for permanent fund purposes-scholarships".

NOTE 20 - SUBSEQUENT EVENT

In November 2004, the voters of the School District passed a five year 4.65 mill operating levy with the first collection year being 2005. This levy is estimated to provide an additional \$4,000,000 each year that will help maintain the current programs and services provided by the School District.

Combining Statements and Individual Fund Schedules

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. A description of the School District's nonmajor special revenue funds follows:

Food Service

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the School District students and staff.

Uniform School Supplies

To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the School District.

Adult Education

To account for all revenues and expenditures related to the provision of credit and non-credit classes to the general public.

Miscellaneous Local Grants

To account for funds received from private organizations that are restricted for specific purposes.

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.

District Managed Student Activity

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

Auxiliary Services

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

Teacher Development

To account for state revenues used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

Management Information Systems

To account for state funds provided to assist the School 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 provide instructional programs and materials for disadvantaged students.

Data Communications

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

SchoolNet Professional Development

To account for a limited number of professional development subsidy grants.

Ohio Reads

To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention

To account for summer intervention services designed to satisfy criteria defined in division (E) of the Ohio Revised Code Section 3313.608.

Alternative Schools

To account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

Miscellaneous State Grants

To account for monies received from state agencies which are not classified elsewhere.

Title VI-B

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

Title III

To account for federal funds received to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I

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

Title V

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

Drug Free School Grant

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

EHA Preschool Grant

To account for federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Improving Teacher Quality

To account for monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

To account for federal revenues received through state agencies from the federal government or directly from the federal governments which are not classified elsewhere.

Nonmajor Capital Projects Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The capital projects funds are:

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building

To account for the receipts and expenditures related to all special bond funds in the School District.

Replacement

A fund provided to account for monies used in the rebuilding, restoration or improvement of property which has been totally or partially destroyed due to any cause. Such property may have become unfit for use necessitating its demolition in whole or in part, and may require repair or restoration before it can again be used.

SchoolNet

To account for monies received that are used to help the School District obtain computers and related educational technology equipment and/or the necessary infrastructure for educational technology.

Nonmajor Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Endowment

To account for money, securities or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact.

Twinsburg City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,140,344	\$ 2,258,138	\$ 19,693	\$ 3,418,175
Receivables:				
Taxes	-	1,976,466	-	1,976,466
Accounts	10,000	-	-	10,000
Intergovernmental	379,410	-	-	379,410
Interfund receivable	-	27,501	-	27,501
Inventory held for resale	35,145	-	-	35,145
Materials and supplies inventory	4,824	-	-	4,824
Total assets	<u>\$ 1,569,723</u>	<u>\$ 4,262,105</u>	<u>\$ 19,693</u>	<u>\$ 5,851,521</u>
<u>Liabilities:</u>				
Accounts payable	\$ 25,020	\$ 17,265	\$ -	\$ 42,285
Accrued wages	193,429	-	-	193,429
Interfund payable	281,098	-	-	281,098
Intergovernmental payable	3,168	-	-	3,168
Deferred revenue	106,716	1,916,252	-	2,022,968
Total liabilities	<u>609,431</u>	<u>1,933,517</u>	<u>-</u>	<u>2,542,948</u>
<u>Fund balances:</u>				
Reserved for encumbrances	71,914	281,643	-	353,557
Unreserved, undesignated, Reported in:				
Special revenue funds	888,378	-	-	888,378
Capital projects funds	-	2,046,945	-	2,046,945
Permanent funds	-	-	19,693	19,693
Total fund balances	<u>960,292</u>	<u>2,328,588</u>	<u>19,693</u>	<u>3,308,573</u>
Total liabilities and fund balances	<u>\$ 1,569,723</u>	<u>\$ 4,262,105</u>	<u>\$ 19,693</u>	<u>\$ 5,851,521</u>

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 1,847,359	\$ -	\$ 1,847,359
Intergovernmental	1,395,985	210,624	-	1,606,609
Interest	1,705	-	153	1,858
Tuition and fees	277,784	-	-	277,784
Extracurricular activities	247,290	-	-	247,290
Gifts and donations	8,686	-	-	8,686
Charges for services	836,247	-	-	836,247
Rent	4,542	-	-	4,542
Miscellaneous	4,150	-	-	4,150
Total revenues	<u>2,776,389</u>	<u>2,057,983</u>	<u>153</u>	<u>4,834,525</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	289,281	95	-	289,376
Special	572,335	-	-	572,335
Support services:				
Pupils	328,302	225	-	328,527
Instructional staff	157,863	-	-	157,863
Administration	21,410	550	-	21,960
Fiscal	5,371	-	-	5,371
Operation and maintenance of plant	12,580	919,477	-	932,057
Pupil transportation	1,953	101,923	-	103,876
Central	-	206,299	-	206,299
Operation of non-instructional services	64,383	-	-	64,383
Operation of food services	1,133,653	-	-	1,133,653
Extracurricular activities	231,433	-	-	231,433
Capital outlay	-	357,360	-	357,360
Debt service:				
Principal retirement	-	339,000	-	339,000
Interest and fiscal charges	-	12,926	-	12,926
Total expenditures	<u>2,818,564</u>	<u>1,937,855</u>	<u>-</u>	<u>4,756,419</u>
Excess of revenues over (under) expenditures	<u>(42,175)</u>	<u>120,128</u>	<u>153</u>	<u>78,106</u>
<u>Other financing sources (uses):</u>				
General obligation bonds issued	-	364,729	-	364,729
Discount on debt issuance	-	(25,024)	-	(25,024)
Transfers in	29,294	-	-	29,294
Total other financing sources (uses)	<u>29,294</u>	<u>339,705</u>	<u>-</u>	<u>368,999</u>
Net change in fund balance	(12,881)	459,833	153	447,105
Fund balances at beginning of year	973,173	1,868,755	19,540	2,861,468
Fund balances at end of year	<u>\$ 960,292</u>	<u>\$ 2,328,588</u>	<u>\$ 19,693</u>	<u>\$ 3,308,573</u>

Twinsburg City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Food Service	Uniform School Supplies	Adult Education	Miscellaneous Local Grants	Public School Support
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 86,573	\$ 13,496	\$ 82,024	\$ 12,801	\$ 769,341
Receivables:					
Accounts	-	-	-	10,000	-
Intergovernmental	22,276	-	-	-	-
Inventory held for resale	35,145	-	-	-	-
Materials and supplies inventory	4,824	-	-	-	-
Total assets	<u>\$ 148,818</u>	<u>\$ 13,496</u>	<u>\$ 82,024</u>	<u>\$ 22,801</u>	<u>\$ 769,341</u>
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,905
Accrued wages	83,186	-	-	-	27,010
Interfund payable	-	-	-	-	27,501
Intergovernmental payable	944	-	-	-	675
Deferred revenue	-	-	-	10,000	-
Total liabilities	<u>84,130</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>60,091</u>
<u>Fund balances:</u>					
Reserved for encumbrances	-	1,630	-	83	17,207
Unreserved, undesignated, Reported in special revenue funds	<u>64,688</u>	<u>11,866</u>	<u>82,024</u>	<u>12,718</u>	<u>692,043</u>
Total fund balances	<u>64,688</u>	<u>13,496</u>	<u>82,024</u>	<u>12,801</u>	<u>709,250</u>
Total liabilities and fund balances	<u>\$ 148,818</u>	<u>\$ 13,496</u>	<u>\$ 82,024</u>	<u>\$ 22,801</u>	<u>\$ 769,341</u>

District Managed Student Activity	Auxiliary Services	Teacher Development	Management Information Systems	Disadvantaged Pupil Impact Aid	Data Comm- unications	SchoolNet Professional Development	Ohio Reads
\$ 81,869	\$ 40,038	\$ 2,589	\$ 17,968	\$ 5,060	\$ -	\$ 4,429	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 81,869</u>	<u>\$ 40,038</u>	<u>\$ 2,589</u>	<u>\$ 17,968</u>	<u>\$ 5,060</u>	<u>\$ -</u>	<u>\$ 4,429</u>	<u>\$ -</u>
\$ 3,070	\$ 5,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,070</u>	<u>5,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,750	35,035	-	-	-	-	-	-
<u>71,049</u>	<u>(13)</u>	<u>2,589</u>	<u>17,968</u>	<u>5,060</u>	<u>-</u>	<u>4,429</u>	<u>-</u>
<u>78,799</u>	<u>35,022</u>	<u>2,589</u>	<u>17,968</u>	<u>5,060</u>	<u>-</u>	<u>4,429</u>	<u>-</u>
<u>\$ 81,869</u>	<u>\$ 40,038</u>	<u>\$ 2,589</u>	<u>\$ 17,968</u>	<u>\$ 5,060</u>	<u>\$ -</u>	<u>\$ 4,429</u>	<u>\$ -</u>

(Continued)

Twinsburg City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Summer Intervention	Alternative Schools	Miscellaneous State Grants	Title VI-B	Title III
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 1,911	\$ -	\$ 4,942	\$ 13,057	\$ -
<u>Receivables:</u>					
Accounts	-	-	-	-	-
Intergovernmental	54,603	16,194	-	184,993	6,207
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 56,514</u>	<u>\$ 16,194</u>	<u>\$ 4,942</u>	<u>\$ 198,050</u>	<u>\$ 6,207</u>
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 11,640	\$ -
Accrued wages	-	10,454	-	55,865	-
Interfund payable	44,432	3,544	-	118,691	5,211
Intergovernmental payable	-	152	-	1,152	-
Deferred revenue	5,423	7,831	-	64,050	996
Total liabilities	<u>49,855</u>	<u>21,981</u>	<u>-</u>	<u>251,398</u>	<u>6,207</u>
<u>Fund balances:</u>					
Reserved for encumbrances	1,911	-	-	6,225	-
Unreserved, undesignated, Reported in special revenue funds	<u>4,748</u>	<u>(5,787)</u>	<u>4,942</u>	<u>(59,573)</u>	<u>-</u>
Total fund balances	<u>6,659</u>	<u>(5,787)</u>	<u>4,942</u>	<u>(53,348)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 56,514</u>	<u>\$ 16,194</u>	<u>\$ 4,942</u>	<u>\$ 198,050</u>	<u>\$ 6,207</u>

Title I	Title V	Drug Free School Grant	EHA Preschool Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 2,462	\$ -	\$ -	\$ 1,784	\$ 1,140,344
-	-	-	-	-	-	10,000
42,852	3,234	6,495	2,932	38,731	893	379,410
-	-	-	-	-	-	35,145
-	-	-	-	-	-	4,824
<u>\$ 42,852</u>	<u>\$ 3,234</u>	<u>\$ 8,957</u>	<u>\$ 2,932</u>	<u>\$ 38,731</u>	<u>\$ 2,677</u>	<u>\$ 1,569,723</u>
\$ -	\$ -	\$ 389	\$ -	\$ -	\$ -	\$ 25,020
-	-	-	-	16,914	-	193,429
36,759	1,728	6,296	5,532	26,404	5,000	281,098
-	-	-	-	245	-	3,168
-	-	1,266	-	16,257	893	106,716
<u>36,759</u>	<u>1,728</u>	<u>7,951</u>	<u>5,532</u>	<u>59,820</u>	<u>5,893</u>	<u>609,431</u>
-	-	2,073	-	-	-	71,914
<u>6,093</u>	<u>1,506</u>	<u>(1,067)</u>	<u>(2,600)</u>	<u>(21,089)</u>	<u>(3,216)</u>	<u>888,378</u>
<u>6,093</u>	<u>1,506</u>	<u>1,006</u>	<u>(2,600)</u>	<u>(21,089)</u>	<u>(3,216)</u>	<u>960,292</u>
<u>\$ 42,852</u>	<u>\$ 3,234</u>	<u>\$ 8,957</u>	<u>\$ 2,932</u>	<u>\$ 38,731</u>	<u>\$ 2,677</u>	<u>\$ 1,569,723</u>

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Food Service	Uniform School Supplies	Adult Education	Miscellaneous Local Grants	Public School Support
<u>Revenues:</u>					
Intergovernmental	\$ 240,677	\$ -	\$ 704	\$ -	\$ -
Interest	949	-	-	-	547
Tuition and fees	-	10,497	907	-	266,380
Extracurricular activities	-	-	-	-	55,850
Gifts and donations	-	-	-	2,500	6,186
Charges for services	836,247	-	-	-	-
Rent	-	-	4,542	-	-
Miscellaneous	-	-	-	3,032	1,118
Total revenues	<u>1,077,873</u>	<u>10,497</u>	<u>6,153</u>	<u>5,532</u>	<u>330,081</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	12,775	-	14,143	2,000
Special	-	-	-	703	-
Support services:					
Pupils	-	-	-	-	220,120
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	2,499
Fiscal	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	10,016
Pupil transportation	-	-	-	-	753
Operation of non-instructional services	-	255	-	-	-
Operation of food services	1,133,653	-	-	-	-
Extracurricular activities	-	-	-	-	72,441
Total expenditures	<u>1,133,653</u>	<u>13,030</u>	<u>-</u>	<u>14,846</u>	<u>307,829</u>
Excess of revenues over (under) expenditures	<u>(55,780)</u>	<u>(2,533)</u>	<u>6,153</u>	<u>(9,314)</u>	<u>22,252</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	-	-
Net change in fund balance	(55,780)	(2,533)	6,153	(9,314)	22,252
Fund balances (deficit) at beginning of year	<u>120,468</u>	<u>16,029</u>	<u>75,871</u>	<u>22,115</u>	<u>686,998</u>
Fund balances (deficit) at end of year	<u>\$ 64,688</u>	<u>\$ 13,496</u>	<u>\$ 82,024</u>	<u>\$ 12,801</u>	<u>\$ 709,250</u>

District Managed Student Activity	Auxiliary Services	Teacher Development	Management Information Systems	Disadvantaged Pupil Impact Aid	Data Comm- unications	SchoolNet Professional Development	Ohio Reads
\$ -	\$ 93,002	\$ -	\$ 14,750	\$ 25,273	\$ 15,000	\$ 4,140	\$ 10,500
-	209	-	-	-	-	-	-
-	-	-	-	-	-	-	-
191,440	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
191,440	93,211	-	14,750	25,273	15,000	4,140	10,500
-	-	-	-	20,213	-	-	10,500
-	-	-	-	-	-	-	-
-	-	-	-	-	15,000	-	-
-	-	-	11,250	-	-	4,011	-
-	-	-	-	-	-	-	-
-	3,461	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	61,165	-	-	-	-	-	-
-	-	-	-	-	-	-	-
158,992	-	-	-	-	-	-	-
158,992	64,626	-	11,250	20,213	15,000	4,011	10,500
32,448	28,585	-	3,500	5,060	-	129	-
-	-	-	-	-	-	-	-
32,448	28,585	-	3,500	5,060	-	129	-
46,351	6,437	2,589	14,468	-	-	4,300	-
\$ 78,799	\$ 35,022	\$ 2,589	\$ 17,968	\$ 5,060	\$ -	\$ 4,429	\$ -

(Continued)

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Summer Intervention	Alternative Schools	Miscellaneous State Grants	Title VI-B	Title III
<u>Revenues:</u>					
Intergovernmental	\$ 61,166	\$ 40,361	\$ 36,244	\$ 466,733	\$ 41,081
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Customer services	-	-	-	-	-
Rent	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>61,166</u>	<u>40,361</u>	<u>36,244</u>	<u>466,733</u>	<u>41,081</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	44,355	46,148	12,276	-	-
Special	-	-	-	307,528	41,080
Support services:					
Pupils	-	-	-	93,182	-
Instructional staff	10,152	-	23,248	85,358	-
Administration	-	-	-	18,911	-
Fiscal	-	-	-	1,910	-
Operation and maintenance of plant	-	-	2,564	-	-
Pupil transportation	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Operation of food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total expenditures	<u>54,507</u>	<u>46,148</u>	<u>38,088</u>	<u>506,889</u>	<u>41,080</u>
Excess of revenues over (under) expenditures	<u>6,659</u>	<u>(5,787)</u>	<u>(1,844)</u>	<u>(40,156)</u>	<u>1</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	10,927	-
Net change in fund balance	6,659	(5,787)	(1,844)	(29,229)	1
Fund balances (deficit) at beginning of year	-	-	6,786	(24,119)	(1)
Fund balances (deficit) at end of year	<u>\$ 6,659</u>	<u>\$ (5,787)</u>	<u>\$ 4,942</u>	<u>\$ (53,348)</u>	<u>\$ -</u>

Title I	Title V	Drug Free School Grant	EHA Preschool Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 178,403	\$ 32,529	\$ 13,055	\$ 24,773	\$ 93,319	\$ 4,275	\$ 1,395,985
-	-	-	-	-	-	1,705
-	-	-	-	-	-	277,784
-	-	-	-	-	-	247,290
-	-	-	-	-	-	8,686
-	-	-	-	-	-	836,247
-	-	-	-	-	-	4,542
-	-	-	-	-	-	4,150
<u>178,403</u>	<u>32,529</u>	<u>13,055</u>	<u>24,773</u>	<u>93,319</u>	<u>4,275</u>	<u>2,776,389</u>
-	-	11,683	-	109,903	5,285	289,281
180,003	33,067	-	3,100	1,245	5,609	572,335
-	-	-	-	-	-	328,302
-	-	-	23,844	-	-	157,863
-	-	-	-	-	-	21,410
-	-	-	-	-	-	5,371
-	-	-	-	-	-	12,580
-	-	-	-	-	1,200	1,953
2,963	-	-	-	-	-	64,383
-	-	-	-	-	-	1,133,653
-	-	-	-	-	-	231,433
<u>182,966</u>	<u>33,067</u>	<u>11,683</u>	<u>26,944</u>	<u>111,148</u>	<u>12,094</u>	<u>2,818,564</u>
<u>(4,563)</u>	<u>(538)</u>	<u>1,372</u>	<u>(2,171)</u>	<u>(17,829)</u>	<u>(7,819)</u>	<u>(42,175)</u>
<u>18,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,294</u>
13,804	(538)	1,372	(2,171)	(17,829)	(7,819)	(12,881)
(7,711)	2,044	(366)	(429)	(3,260)	4,603	973,173
<u>\$ 6,093</u>	<u>\$ 1,506</u>	<u>\$ 1,006</u>	<u>\$ (2,600)</u>	<u>\$ (21,089)</u>	<u>\$ (3,216)</u>	<u>\$ 960,292</u>

Twinsburg City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 2,163,276	\$ -	\$ 94,862	\$ -	\$ 2,258,138
<u>Receivables:</u>					
Taxes	1,976,466	-	-	-	1,976,466
Interfund receivable	27,501	-	-	-	27,501
Total assets	<u>\$ 4,167,243</u>	<u>\$ -</u>	<u>\$ 94,862</u>	<u>\$ -</u>	<u>\$ 4,262,105</u>
<u>Liabilities:</u>					
Accounts payable	\$ 17,265	\$ -	\$ -	\$ -	\$ 17,265
Deferred revenue	1,916,252	-	-	-	1,916,252
Total liabilities	<u>1,933,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,933,517</u>
<u>Fund balances:</u>					
Reserved for encumbrances	281,643	-	-	-	281,643
Unreserved, undesignated, Reported in capital projects funds	1,952,083	-	94,862	-	2,046,945
Total fund balances	<u>2,233,726</u>	<u>-</u>	<u>94,862</u>	<u>-</u>	<u>2,328,588</u>
Total liabilities and fund balances	<u>\$ 4,167,243</u>	<u>\$ -</u>	<u>\$ 94,862</u>	<u>\$ -</u>	<u>\$ 4,262,105</u>

Twinsburg City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Permanent Improvement	Building	Replacement	SchoolNet	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>					
Taxes	\$ 1,847,359	\$ -	\$ -	\$ -	\$ 1,847,359
Intergovernmental	191,014	-	19,610	-	210,624
Total revenues	<u>2,038,373</u>	<u>-</u>	<u>19,610</u>	<u>-</u>	<u>2,057,983</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	95	-	-	-	95
Support services:					
Pupils	-	-	-	225	225
Administration	550	-	-	-	550
Operation and maintenance of plant	579,772	339,705	-	-	919,477
Pupil transportation	-	-	101,923	-	101,923
Central	206,299	-	-	-	206,299
Capital outlay	357,360	-	-	-	357,360
Debt service:					
Principal retirement	339,000	-	-	-	339,000
Interest and fiscal charges	12,926	-	-	-	12,926
Total expenditures	<u>1,496,002</u>	<u>339,705</u>	<u>101,923</u>	<u>225</u>	<u>1,937,855</u>
Excess of revenues over (under) expenditures	<u>542,371</u>	<u>(339,705)</u>	<u>(82,313)</u>	<u>(225)</u>	<u>120,128</u>
<u>Other financing sources (uses):</u>					
General obligation bonds issued	-	364,729	-	-	364,729
Discount on debt issued	-	(25,024)	-	-	(25,024)
Total other financing sources (uses)	<u>-</u>	<u>339,705</u>	<u>-</u>	<u>-</u>	<u>339,705</u>
Net change in fund balance	542,371	-	(82,313)	(225)	459,833
Fund balances at beginning of year	<u>1,691,355</u>	<u>-</u>	<u>177,175</u>	<u>225</u>	<u>1,868,755</u>
Fund balances at end of the year	<u>\$ 2,233,726</u>	<u>\$ -</u>	<u>\$ 94,862</u>	<u>\$ -</u>	<u>\$ 2,328,588</u>

**Individual Fund Schedules of Revenues, Expenditures and Changes
in Fund Balance – Budget (Non-GAAP Basis) and Actual
Governmental Funds – Major and Nonmajor**

Twinsburg City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
For the Fiscal Year Ended June 30, 2004**

	General Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 25,654,078	\$ 25,448,389	\$ (205,689)
Intergovernmental	4,721,714	4,822,387	100,673
Interest	98,000	101,796	3,796
Tuition and fees	16,500	10,886	(5,614)
Rent	41,000	44,874	3,874
Extracurricular activities	1,000	-	(1,000)
Payments in lieu of taxes	118,004	118,004	-
Miscellaneous	35,808	48,419	12,611
Total revenues	30,686,104	30,594,755	(91,349)
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
<u>Regular:</u>			
Salaries and wages	10,482,180	10,433,096	49,084
Fringe benefits	5,226,458	5,239,523	(13,065)
Purchased services	161,077	157,752	3,325
Materials and supplies	604,470	585,948	18,522
Capital outlay	3,296	2,713	583
Other	86,708	86,706	2
Total regular	16,564,189	16,505,738	58,451
<u>Special:</u>			
Salaries and wages	1,522,006	1,511,049	10,957
Fringe benefits	304,164	304,164	-
Purchased services	71,243	69,773	1,470
Materials and supplies	7,503	7,299	204
Total special	1,904,916	1,892,285	12,631
<u>Vocational:</u>			
Salaries and wages	207,358	205,017	2,341
Fringe benefits	30,927	30,927	-
Total vocational	238,285	235,944	2,341
Total instruction	18,707,390	18,633,967	73,423
<u>Support services:</u>			
<u>Pupils:</u>			
Salaries and wages	1,739,664	1,728,845	10,819
Fringe benefits	414,267	414,267	-
Purchased services	188,648	187,310	1,338
Materials and supplies	18,677	16,946	1,731
Other	200	185	15
Total pupils	2,361,456	2,347,553	13,903
<u>Instructional staff:</u>			
Salaries and wages	431,279	423,422	7,857
Fringe benefits	95,578	95,578	-
Purchased services	60,791	59,132	1,659
Materials and supplies	61,297	55,168	6,129
Other	280	280	-
Total instructional staff	649,225	633,580	15,645

(Continued)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
For the Fiscal Year Ended June 30, 2004

General Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Board of education:			
Salaries and wages	12,000	9,920	2,080
Fringe benefits	8,679	8,679	-
Purchased services	298,832	297,062	1,770
Materials and supplies	1,320	495	825
Other	152,351	71,785	80,566
Total board of education	<u>473,182</u>	<u>387,941</u>	<u>85,241</u>
Administration:			
Salaries and wages	1,671,415	1,660,095	11,320
Fringe benefits	512,025	512,025	-
Purchased services	43,191	40,708	2,483
Materials and supplies	40,488	36,882	3,606
Other	3,047	2,745	302
Total administration	<u>2,270,166</u>	<u>2,252,455</u>	<u>17,711</u>
Fiscal:			
Salaries and wages	206,000	204,791	1,209
Fringe benefits	63,268	63,268	-
Purchased services	29,523	27,215	2,308
Materials and supplies	7,200	6,373	827
Capital outlay	1,900	1,748	152
Other	509,129	375,610	133,519
Total fiscal	<u>817,020</u>	<u>679,005</u>	<u>138,015</u>
Business:			
Salaries and wages	36,200	33,755	2,445
Fringe benefits	14,913	14,913	-
Purchased services	4,228	4,146	82
Materials and supplies	49,452	44,335	5,117
Total business	<u>104,793</u>	<u>97,149</u>	<u>7,644</u>
Operation and maintenance of plant:			
Salaries and wages	1,368,100	1,354,977	13,123
Fringe benefits	250,860	250,860	-
Purchased services	2,036,546	1,953,804	82,742
Materials and supplies	166,992	155,215	11,777
Total operation and maintenance of plant	<u>3,822,498</u>	<u>3,714,856</u>	<u>107,642</u>
Pupil transportation:			
Salaries and wages	1,041,110	1,038,122	2,988
Fringe benefits	252,619	252,619	-
Purchased services	62,950	61,681	1,269
Materials and supplies	185,942	181,249	4,693
Total pupil transportation	<u>1,542,621</u>	<u>1,533,671</u>	<u>8,950</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
For the Fiscal Year Ended June 30, 2004

	General Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Central:			
Salaries and wages	226,765	220,662	6,103
Fringe benefits	47,582	47,582	-
Purchased services	509,602	496,875	12,727
Materials and supplies	31,908	29,343	2,565
Total central	<u>815,857</u>	<u>794,462</u>	<u>21,395</u>
Total support services	<u>12,856,818</u>	<u>12,440,672</u>	<u>416,146</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	489,500	486,370	3,130
Materials and supplies	1,000	671	329
Other	370	370	-
Total academic and subject oriented activities	<u>490,870</u>	<u>487,411</u>	<u>3,459</u>
Sports oriented activities:			
Salaries and wages	114,127	113,485	642
Fringe benefits	19,680	19,680	-
Purchased services	20,000	19,957	43
Materials and supplies	22,000	21,676	324
Total sports oriented activities	<u>175,807</u>	<u>174,798</u>	<u>1,009</u>
School and public service co-curricular activities:			
Purchased services	1,500	1,500	-
Total extracurricular activities	<u>668,177</u>	<u>663,709</u>	<u>4,468</u>
Debt service:			
Principal retirement	62,000	62,000	-
Interest and fiscal charges	53,427	53,427	-
Total debt service	<u>115,427</u>	<u>115,427</u>	<u>-</u>
Total expenditures	<u>32,347,812</u>	<u>31,853,775</u>	<u>494,037</u>
Excess of revenues over (under) expenditures	<u>(1,661,708)</u>	<u>(1,259,020)</u>	<u>402,688</u>
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	(250)	(122)	128
Advances in	119,660	119,309	(351)
Advances out	(220,706)	(237,406)	(16,700)
Transfers out	(29,294)	(29,294)	-
Total other financing sources (uses)	<u>(130,590)</u>	<u>(147,513)</u>	<u>(16,923)</u>
Net change in fund balance	(1,792,298)	(1,406,533)	385,765
Fund balance at beginning of year	4,711,240	4,711,240	-
Prior year encumbrances appropriated	428,511	428,511	-
Fund balance at end of year	<u>\$ 3,347,453</u>	<u>\$ 3,733,218</u>	<u>\$ 385,765</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Bond Retirement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 4,023,327	\$ 3,984,705	\$ (38,622)
Intergovernmental	277,803	285,712	7,909
Total revenues	<u>4,301,130</u>	<u>4,270,417</u>	<u>(30,713)</u>
<u>Expenditures:</u>			
Debt service:			
Principal retirement	2,525,000	2,525,000	-
Interest and fiscal charges	2,448,126	1,615,550	832,576
Total expenditures	<u>4,973,126</u>	<u>4,140,550</u>	<u>832,576</u>
Excess of revenues over (under) expenditures	<u>(671,996)</u>	<u>129,867</u>	<u>801,863</u>
<u>Other financing sources (uses):</u>			
Proceeds of bonds	31,951,596	31,951,596	-
Payment to refund bond escrow agent	<u>(31,400,646)</u>	<u>(31,400,646)</u>	-
Total other financing sources (uses)	<u>550,950</u>	<u>550,950</u>	-
Net change in fund balance	(121,046)	680,817	801,863
Fund balance at beginning of year	866,395	866,395	-
Fund balance (deficit) at end of year	<u>\$ 745,349</u>	<u>\$ 1,547,212</u>	<u>\$ 801,863</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 148,060	\$ 165,245	\$ 17,185
Interest	892	949	57
Charges for services	826,263	836,247	9,984
Total revenues	<u>975,215</u>	<u>1,002,441</u>	<u>27,226</u>
<u>Expenditures:</u>			
Current:			
Operation of food services	<u>1,139,826</u>	<u>1,107,816</u>	<u>32,010</u>
Net change in fund balance	(164,611)	(105,375)	59,236
Fund balance at beginning of year	165,809	165,809	-
Fund balance at end of year	<u>\$ 1,198</u>	<u>\$ 60,434</u>	<u>\$ 59,236</u>

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	<u>\$ 10,010</u>	<u>\$ 10,497</u>	<u>\$ 487</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	22,502	14,405	8,097
Operation of non-instructional services	418	255	163
Total expenditures	<u>22,920</u>	<u>14,660</u>	<u>8,260</u>
Net change in fund balance	(12,910)	(4,163)	8,747
Fund balance at beginning of year	15,943	15,943	-
Prior year encumbrances appropriated	87	87	-
Fund balance at end of year	<u>\$ 3,120</u>	<u>\$ 11,867</u>	<u>\$ 8,747</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Adult Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 674	\$ 704	\$ 30
Rent	3,269	4,542	1,273
Tuition and fees	907	907	-
Total revenues	<u>4,850</u>	<u>6,153</u>	<u>1,303</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/continuing	37,000	-	37,000
Net change in fund balance	(32,150)	6,153	38,303
Fund balance at beginning of year	75,872	75,872	-
Fund balance at end of year	<u>\$ 43,722</u>	<u>\$ 82,025</u>	<u>\$ 38,303</u>

Miscellaneous Local Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and donations	\$ 2,500	\$ 2,500	\$ -
Miscellaneous	3,032	3,032	-
Total revenues	<u>5,532</u>	<u>5,532</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	24,973	14,143	10,830
Special	1,454	786	668
Vocational	1	-	1
Total expenditures	<u>26,428</u>	<u>14,929</u>	<u>11,499</u>
Net change in fund balance	(20,896)	(9,397)	11,499
Fund balance at beginning of year	21,788	21,788	-
Prior year encumbrances appropriated	327	327	-
Fund balance at end of year	<u>\$ 1,219</u>	<u>\$ 12,718</u>	<u>\$ 11,499</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 502	\$ 547	\$ 45
Tuition and fees	264,145	266,380	2,235
Extracurricular activities	54,096	55,850	1,754
Gifts and donations	6,139	6,186	47
Miscellaneous	1,118	1,118	-
Total revenues	<u>326,000</u>	<u>330,081</u>	<u>4,081</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	15,200	2,000	13,200
Special	335	-	335
Support services:			
Pupils	382,115	213,320	168,795
Instructional staff	4,750	-	4,750
Administration	53,027	2,983	50,044
Operation and maintenance of plant	56,250	17,893	38,357
Pupil transportation	753	753	-
Operation of non-instructional services	228	-	228
Extracurricular activities	156,847	82,437	74,410
Total expenditures	<u>669,505</u>	<u>319,386</u>	<u>350,119</u>
Net change in fund balance	(343,505)	10,695	354,200
Fund balance at beginning of year	731,731	731,731	-
Prior year encumbrances appropriated	4,692	4,692	-
Fund balance at end of year	<u>\$ 392,918</u>	<u>\$ 747,118</u>	<u>\$ 354,200</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 185,800	\$ 191,440	\$ 5,640
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,200	-	1,200
Extracurricular activities	210,758	164,411	46,347
Total expenditures	211,958	164,411	47,547
Excess of revenues over (under) expenditures	(26,158)	27,029	53,187
<u>Other financing sources (uses):</u>			
Advances out	(174)	(174)	-
Net change in fund balance	(26,332)	26,855	53,187
Fund balance at beginning of year	43,980	43,980	-
Prior year encumbrances appropriated	2,766	2,766	-
Fund balance at end of year	\$ 20,414	\$ 73,601	\$ 53,187

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 93,002	\$ 93,002	\$ -
Interest	182	209	27
Total revenues	93,184	93,211	27
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	3,461	3,461	-
Operation of non-instructional services	97,835	97,867	(32)
Total expenditures	101,296	101,328	(32)
Net change in fund balance	(8,112)	(8,117)	(5)
Fund balance at beginning of year	125	125	-
Prior year encumbrances appropriated	8,018	8,018	-
Fund balance at end of year	\$ 31	\$ 26	\$ (5)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Teacher Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	2,589	2,589	-
Fund balance at end of year	<u>\$ 2,589</u>	<u>\$ 2,589</u>	<u>\$ -</u>

Management Information Systems Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,680	\$ 14,750	\$ 6,070
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	23,149	11,250	11,899
Net change in fund balance	(14,469)	3,500	17,969
Fund balance at beginning of year	14,468	14,468	-
Fund balance (deficit) at end of year	<u>\$ (1)</u>	<u>\$ 17,968</u>	<u>\$ 17,969</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Disadvantaged Pupil Impact Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 23,165	\$ 25,273	\$ 2,108
<u>Expenditures:</u>			
<u>Current:</u>			
Instruction:			
Regular	25,687	20,213	5,474
Net change in fund balance	(2,522)	5,060	7,582
Fund balance at beginning of year	-	-	-
Fund balance (deficit) at end of year	\$ (2,522)	\$ 5,060	\$ 7,582

Data Communications Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 32,500	\$ 15,000	\$ (17,500)
<u>Expenditures:</u>			
<u>Current:</u>			
Support services:			
Pupils	15,000	15,000	-
Net change in fund balance	17,500	-	(17,500)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 17,500	\$ -	\$ (17,500)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

SchoolNet Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ -	\$ 4,140	\$ 4,140
<u>Expenditures:</u>			
<u>Current:</u>			
Support services:			
Instructional staff	8,440	4,011	4,429
Net change in fund balance	(8,440)	129	8,569
Fund balance at beginning of year	2,800	2,800	-
Prior year encumbrances appropriated	1,500	1,500	-
Fund balance (deficit) at end of year	<u>\$ (4,140)</u>	<u>\$ 4,429</u>	<u>\$ 8,569</u>

Ohio Reads Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 10,500	\$ 10,500	\$ -
<u>Expenditures:</u>			
<u>Current:</u>			
Instruction:			
Regular	10,500	10,500	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Summer Intervention Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,986	\$ 11,986	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	54,525	44,355	10,170
Support services:			
Instructional staff	12,065	12,063	2
Total expenditures	66,590	56,418	10,172
Excess of revenues over (under) expenditures	(54,604)	(44,432)	10,172
<u>Other financing sources (uses):</u>			
Advances in	50,000	44,432	(5,568)
Net change in fund balance	(4,604)	-	4,604
Fund balance at beginning of year	-	-	-
Fund balance (deficit) at end of year	\$ (4,604)	\$ -	\$ 4,604

Alternative Schools Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 47,000	\$ 31,998	\$ (15,002)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	48,631	35,542	13,089
Net change in fund balance	(1,631)	(3,544)	(1,913)
Fund balance at beginning of year	-	-	-
Fund balance (deficit) at end of year	\$ (1,631)	\$ (3,544)	\$ (1,913)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 36,244	\$ 36,244	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	12,276	12,276	-
Support services:			
Instructional staff	25,979	23,248	2,731
Operation and maintenance of plant	3,070	2,564	506
Total expenditures	41,325	38,088	3,237
Net change in fund balance	(5,081)	(1,844)	3,237
Fund balance at beginning of year	6,766	6,766	-
Prior year encumbrances appropriated	20	20	-
Fund balance at end of year	\$ 1,705	\$ 4,942	\$ 3,237

Title VI-B Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 410,000	\$ 377,077	\$ (32,923)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	280,711	271,571	9,140
Support services:			
Pupils	(14,285)	97,860	(112,145)
Instructional staff	100,036	87,911	12,125
Administration	32,000	26,146	5,854
Operation of non-instructional services	10,123	-	10,123
Total expenditures	408,585	483,488	(74,903)
Excess of revenues over (under) expenditures	1,415	(106,411)	(107,826)
<u>Other financing sources (uses):</u>			
Advances in	-	118,691	118,691
Advances out	(61,701)	(61,700)	1
Transfers in	-	10,927	10,927
Total other financing sources (uses)	(61,701)	67,918	129,619
Net change in fund balance	(60,286)	(38,493)	21,793
Fund balance at beginning of year	13,085	13,085	-
Prior year encumbrances appropriated	28,049	28,049	-
Fund balance (deficit) at end of year	\$ (19,152)	\$ 2,641	\$ 21,793

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Title III Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 44,000	\$ 40,016	\$ (3,984)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	36,002	41,080	(5,078)
Excess of revenues over (under) expenditures	7,998	(1,064)	(9,062)
<u>Other financing sources (uses):</u>			
Advances in	-	5,211	5,211
Advances out	(4,147)	(4,147)	-
Total other financing sources (uses)	(4,147)	1,064	5,211
Net change in fund balance	3,851	-	(3,851)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 3,851	\$ -	\$ (3,851)

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 205,495	\$ 167,422	\$ (38,073)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	127,595	180,003	(52,408)
Support services:			
Instructional staff	6,100	-	6,100
Administration	400	-	400
Operation of non-instructional services	2,963	2,963	-
Total expenditures	137,058	182,966	(45,908)
Excess of revenues over (under) expenditures	68,437	(15,544)	(83,981)
<u>Other financing sources (uses):</u>			
Advances in	10,905	30,244	19,339
Advances out	(39,924)	(39,924)	-
Transfers in	-	18,367	18,367
Total other financing sources (uses)	(29,019)	8,687	37,706
Net change in fund balance	39,418	(6,857)	(46,275)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	342	342	-
Fund balance (deficit) at end of year	\$ 39,760	\$ (6,515)	\$ (46,275)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Title V Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 34,300	\$ 32,322	\$ (1,978)
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Special	29,166	33,067	(3,901)
Operation of non-instructional services	672	672	-
Total expenditures	29,838	33,739	(3,901)
Excess of revenues over (under) expenditures	4,462	(1,417)	(5,879)
<u>Other financing sources (uses):</u>			
Advances out	(3,977)	(3,977)	-
Net change in fund balance	485	(5,394)	(5,879)
Fund balance at beginning of year	2,661	2,661	-
Prior year encumbrances appropriated	1,005	1,005	-
Fund balance (deficit) at end of year	\$ 4,151	\$ (1,728)	\$ (5,879)

Drug Free School Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 22,000	\$ 11,996	\$ (10,004)
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	14,465	14,360	105
Excess of revenues over (under) expenditures	7,535	(2,364)	(9,899)
<u>Other financing sources (uses):</u>			
Advances in	-	6,296	6,296
Advances out	(4,536)	(4,536)	-
Total other financing sources (uses)	(4,536)	1,760	6,296
Net change in fund balance	2,999	(604)	(3,603)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	604	604	-
Fund balance at end of year	\$ 3,603	\$ -	\$ (3,603)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

EHA Preschool Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 27,000	\$ 21,996	\$ (5,004)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	3,100	3,100	-
Support services:			
Instructional staff	23,273	23,844	(571)
Total expenditures	26,373	26,944	(571)
Excess of revenues over (under) expenditures	627	(4,948)	(5,575)
<u>Other financing sources (uses):</u>			
Advances in	-	5,532	5,532
Advances out	(584)	(584)	-
Total other financing sources (uses)	(584)	4,948	5,532
Net change in fund balance	43	-	(43)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 43	\$ -	\$ (43)

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 88,200	\$ 71,246	\$ (16,954)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	79,656	93,164	(13,508)
Special	1,245	1,245	-
Total expenditures	80,901	94,409	(13,508)
Excess of revenues over (under) expenditures	7,299	(23,163)	(30,462)
<u>Other financing sources (uses):</u>			
Advances in	-	22,000	22,000
Advances out	(4,267)	(4,267)	-
Total other financing sources (uses)	(4,267)	17,733	22,000
Net change in fund balance	3,032	(5,430)	(8,462)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,026	1,026	-
Fund balance (deficit) at end of year	\$ 4,058	\$ (4,404)	\$ (8,462)

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,050	\$ 5,059	\$ (2,991)
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	3,419	5,418	(1,999)
Special	7,647	5,609	2,038
<u>Support services:</u>			
Pupil transportation	1,200	1,200	-
Total expenditures	12,266	12,227	39
Excess of revenues over (under) expenditures	(4,216)	(7,168)	(2,952)
<u>Other financing sources (uses):</u>			
Advances in	-	5,000	5,000
Net change in fund balance	(4,216)	(2,168)	2,048
Fund balance at beginning of year	3,820	3,820	-
Prior year encumbrances appropriated	133	133	-
Fund balance (deficit) at end of year	<u>\$ (263)</u>	<u>\$ 1,785</u>	<u>\$ 2,048</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 1,899,201	\$ 1,874,981	\$ (24,220)
Intergovernmental	190,117	191,014	897
Total revenues	<u>2,089,318</u>	<u>2,065,995</u>	<u>(23,323)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	9,120	375	8,745
Special	170	-	170
Support services:			
Administration	2,040	550	1,490
Central	694,109	585,531	108,578
Capital outlay	1,637,690	1,199,834	437,856
Debt service:			
Principal retirement	338,000	338,000	-
Interest and fiscal charges	22,000	12,926	9,074
Total expenditures	<u>2,703,129</u>	<u>2,137,216</u>	<u>565,913</u>
Net change in fund balance	(613,811)	(71,221)	542,590
Fund balance at beginning of year	1,758,314	1,758,314	-
Prior year encumbrances appropriated	178,969	178,969	-
Fund balance at end of year	<u>\$ 1,323,472</u>	<u>\$ 1,866,062</u>	<u>\$ 542,590</u>

Building Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ 4,619	\$ -	\$ (4,619)
<u>Expenditures:</u>			
Capital outlay	339,705	339,705	-
Excess of revenues over (under) expenditures	<u>(335,086)</u>	<u>(339,705)</u>	<u>(4,619)</u>
<u>Other financing sources (uses):</u>			
Proceeds of bonds	339,705	339,705	-
Net change in fund balance	4,619	-	(4,619)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 4,619</u>	<u>\$ -</u>	<u>\$ (4,619)</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Replacement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 19,610	\$ 19,610	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupil transportation	188,496	101,923	86,573
Net change in fund balance	(168,886)	(82,313)	86,573
Fund balance at beginning of year	63,679	63,679	-
Prior year encumbrances appropriated	113,496	113,496	-
Fund balance at end of year	<u>\$ 8,289</u>	<u>\$ 94,862</u>	<u>\$ 86,573</u>

SchoolNet Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	225	225	-
Net change in fund balance	(225)	(225)	-
Fund balance at beginning of year	225	225	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Twinsburg City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Endowment Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ -	\$ 153	\$ 153
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,000	-	1,000
Net change in fund balance	(1,000)	153	1,153
Fund balance at beginning of year	19,540	19,540	-
Fund balance at end of year	<u>\$ 18,540</u>	<u>\$ 19,693</u>	<u>\$ 1,153</u>

Internal Service Fund

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Employee Benefits Self-Insurance Fund**

Fiduciary Funds

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Scholarships Private Purpose Trust Fund**

**Statement of Changes in Assets and Liabilities
Student Managed Activity - Agency Fund**

Twinsburg City School District
Schedule of Revenues, Expenses
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Employee Benefits Self-Insurance Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 4,068,560	\$ 4,080,058	\$ 11,498
<u>Expenses:</u>			
Fringe benefits	3,713,931	3,737,788	(23,857)
Other	50,000	47,462	2,538
Total expenses	3,763,931	3,785,250	(21,319)
Net change in fund balance	304,629	294,808	(9,821)
Fund balance at beginning of year	1,164,843	1,164,843	-
Fund balance at end of year	<u>\$ 1,469,472</u>	<u>\$ 1,459,651</u>	<u>\$ (9,821)</u>

Twinsburg City School District
Schedule of Revenues, Expenses
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004

Scholarships Private Purpose Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 144	\$ 160	\$ 16
Gifts and donations	5,856	6,260	404
Total revenues	<u>6,000</u>	<u>6,420</u>	<u>420</u>
<u>Expenses:</u>			
Current:			
Payments in accordance with trust agreements	<u>3,600</u>	<u>1,500</u>	<u>2,100</u>
Net change in fund balance	2,400	4,920	2,520
Fund balance at beginning of year	18,870	18,870	-
Fund balance at end of year	<u>\$ 21,270</u>	<u>\$ 23,790</u>	<u>\$ 2,520</u>

Twinsburg City School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2004

	Beginning Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2004</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 195,225	\$ 261,838	\$ 262,614	\$ 194,449
<u>Liabilities:</u>				
Accounts payable	\$ 16,646	\$ 383	\$ 16,646	\$ 383
Due to students	178,579	16,646	1,159	194,066
Total liabilities	<u>\$ 195,225</u>	<u>\$ 17,029</u>	<u>\$ 17,805</u>	<u>\$ 194,449</u>

STATISTICAL SECTION

Twinsburg City School District

Revenues by Source and Expenses by Function - Governmental Activities

Last Two Fiscal Years (1)

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 1,385,946	\$ 1,350,988
Operating grants, contributions and interest	1,410,698	1,287,903
Capital grants and contributions	-	60,214
General revenues:		
Property taxes levied for general purposes	26,589,045	27,949,889
Property taxes levied for debt service	2,724,649	3,656,916
Property taxes levied for capital outlay	1,836,802	1,269,752
Grants and entitlements	5,299,112	5,132,142
Payments in lieu of taxes	118,004	166,822
Investment earnings	107,146	144,319
Miscellaneous	98,302	144,850
Total revenues	<u>\$ 39,569,704</u>	<u>\$ 41,163,795</u>
<u>Expenses:</u>		
Current:		
Instruction:		
Regular	\$ 17,756,953	\$ 18,081,544
Special	2,450,839	2,066,144
Vocational	229,257	232,941
Adult/continuing	-	1,838
Support services:		
Pupils	2,692,062	2,068,969
Instructional staff	993,063	1,041,935
Board of education	233,491	457,425
Administration	2,554,777	1,891,545
Fiscal	641,556	743,385
Business	101,566	91,832
Operation and maintenance of plant	4,607,766	4,481,000
Pupil transportation	1,811,668	1,368,493
Central	1,005,290	1,126,835
Operation of non-instructional services	64,444	88,192
Operation of food services	1,185,271	1,130,591
Extracurricular activities	999,200	877,680
Interest and fiscal charges	4,612,660	2,218,043
Loss on disposal of capital assets	60,214	-
Total expenses	<u>\$ 42,000,077</u>	<u>\$ 37,968,392</u>

Source: Fiscal years 2003 and 2004 School District basic financial statements

(1) Accrual basis will be reported for the last ten years when there are enough years of information available.

Twinsburg City School District

General Governmental Revenues by Source and Expenditures by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
<u>Revenues:</u>				
Taxes	\$ 31,096,530	\$ 32,491,572	\$ 28,622,414	\$ 25,812,191
Intergovernmental	6,714,708	6,410,071	6,271,015	5,183,675
Interest	108,457	147,646	256,155	303,569
Tuition and fees	288,670	319,907	377,348	314,416
Extracurricular activities	247,290	194,839	180,725	170,001
Gifts and donations	8,686	20,356	23,369	15,679
Charges for services	836,247	827,242	-	-
Classroom materials and fees	-	-	-	-
Rent	49,416	59,369	28,149	22,501
Payments in lieu of taxes	118,004	166,822	-	-
Miscellaneous	50,270	92,196	945	123,540
Total revenues	<u>\$ 39,518,278</u>	<u>\$ 40,730,020</u>	<u>\$ 35,760,120</u>	<u>\$ 31,945,572</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	16,826,822	\$ 18,111,286	\$ 13,573,715	\$ 12,488,526
Special	2,454,219	2,055,824	2,411,199	2,424,283
Vocational	229,247	230,600	284,297	259,299
Adult/continuing	-	1,838	-	-
Support services:				
Pupils	2,706,200	2,041,733	2,536,467	2,179,979
Instructional staff	777,053	819,000	802,519	879,597
Board of education	233,304	457,425	283,451	307,806
Administration	2,422,533	1,726,800	2,376,594	2,381,560
Fiscal	643,321	730,101	723,148	740,602
Business	101,072	90,936	92,647	178,165
Operation and maintenance of plant	4,482,957	4,354,068	3,752,609	3,737,020
Pupil transportation	1,634,833	1,212,289	1,455,400	1,552,209
Central	935,714	1,055,057	763,603	405,884
Facilities services	-	-	-	-
Operation of non-instructional services	64,444	1,118,727	164,118	102,322
Operation of food services	1,133,653	-	-	-
Extracurricular activities	888,048	770,495	836,974	983,279
Capital outlay	357,360	589,840	279,393	1,152,299
Intergovernmental	-	-	-	-
Debt service:				
Principal retirement	1,906,000	1,427,403	793,238	1,178,333
Interest and fiscal charges	1,257,143	-	-	-
Bond issuance costs	413,907	2,223,883	2,213,939	2,410,542
Total expenditures	<u>\$ 39,467,830</u>	<u>\$ 39,017,305</u>	<u>\$ 33,343,311</u>	<u>\$ 33,361,705</u>

Source: School District financial records.

Note: For 1995-2002, General Government includes all governmental fund types and expendable trust fund; for 2003-2004, General Government includes general, debt service, special revenue, capital projects and permanent funds.

Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995
\$ 23,174,378	\$ 22,829,905	\$ 19,853,354	\$ 20,147,463	\$ 17,265,127	\$ 15,906,083
4,967,105	3,491,946	3,778,447	3,566,918	3,504,846	3,016,933
456,746	1,224,511	1,880,939	1,988,848	1,115,980	241,640
271,306	313,123	171,092	105,214	90,681	68,982
177,581	-	-	-	-	125,810
-	-	-	-	-	-
-	-	-	-	-	-
8,143	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
58,938	4,512,266	8,534,109	193,186	177,581	31,556
<u>\$ 29,114,197</u>	<u>\$ 32,371,751</u>	<u>\$ 34,217,941</u>	<u>\$ 26,001,629</u>	<u>\$ 22,154,215</u>	<u>\$ 19,391,004</u>
\$ 13,760,176	\$ 11,676,127	\$ 10,450,974	\$ 10,312,191	\$ 10,103,907	\$ 9,066,438
1,597,536	1,466,402	1,299,922	1,314,811	1,202,683	1,088,888
174,720	160,178	153,256	195,118	199,273	187,981
-	-	-	-	-	-
1,983,363	1,482,624	1,192,310	1,095,649	857,555	682,633
791,163	679,688	749,128	750,335	363,545	427,947
226,552	201,369	212,944	222,754	118,818	228,341
1,779,481	1,350,659	1,263,003	1,110,386	975,412	928,491
632,154	548,905	510,336	499,521	403,381	456,871
312,308	254,397	484,360	58,041	62,186	57,025
3,360,100	2,743,723	2,026,154	1,899,601	1,667,472	1,609,630
1,140,728	1,090,476	844,767	958,037	954,021	948,324
647,406	397,591	75,508	78,820	16,685	6,821
-	23,278,547	22,808,504	4,887,071	1,455,485	-
38,584	27,337	30,193	26,606	86,518	-
765,105	628,591	565,595	520,351	488,808	429,598
3,756,798	-	112,000	32,000	-	1,432,422
-	-	-	-	16,040	-
1,129,276	1,145,689	801,198	723,802	33,356,636	560,000
-	-	-	-	-	-
2,351,063	2,397,343	2,454,065	2,691,332	1,683,186	672,698
<u>\$ 34,446,513</u>	<u>\$ 49,529,646</u>	<u>\$ 46,034,217</u>	<u>\$ 27,376,426</u>	<u>\$ 54,011,611</u>	<u>\$ 18,784,108</u>

Twinsburg City School District
Property Tax Levies and Collections Real, Public Utility Tax and Tangible Personal Property (1)
Last Ten Calendar Years

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collections	Percent of		Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
					Current Levy Collected	Delinquent Collection		
2003	\$ 34,320,816	\$ 2,870,837	\$ 37,191,653	\$ 32,832,242	95.66%	\$ 1,257,675	91.66%	\$ 3,101,736
2002	\$ 34,213,432	\$ 2,926,340	\$ 37,139,772	\$ 32,866,359	96.06%	\$ 1,524,802	92.60%	\$ 2,748,611
2001	28,987,869	2,308,642	31,296,511	27,609,474	95.24%	1,112,101	91.77%	2,574,936
2000	27,727,775	1,215,150	28,942,925	26,535,765	95.70%	864,875	94.67%	1,542,285
1999	24,362,596	1,473,855	25,836,451	23,453,016	96.27%	1,189,018	95.38%	1,194,417
1998	21,780,553	1,367,641	23,148,194	21,156,380	97.13%	872,986	95.17%	1,118,828
1997	21,029,837	1,001,771	22,031,608	20,578,752	97.86%	642,807	96.32%	810,049
1996	20,782,077	955,975	21,738,052	20,209,821	97.25%	663,532	96.02%	864,699
1995	17,184,461	1,119,054	18,303,515	16,683,056	97.08%	675,628	94.84%	944,831
1994	16,067,719	1,266,455	17,334,174	15,469,133	96.27%	900,567	94.44%	964,474

Source: Summit County Fiscal Officer

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

(3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Twinsburg City School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	\$ 655,385,910	\$ 1,872,531,171	\$ 15,165,980	\$ 17,234,068	\$ 190,605,189	\$ 762,420,756	\$ 861,157,079	\$ 2,652,185,995
2003	650,257,450	1,857,878,429	15,280,500	17,364,205	202,151,778	808,607,112	867,689,728	2,683,849,746
2002	577,513,530	1,650,038,657	14,926,790	16,962,261	204,899,609	819,598,436	797,339,929	2,486,599,354
2001	553,640,790	1,581,830,829	18,901,470	21,478,943	178,844,595	715,378,380	751,386,855	2,318,688,152
2000	522,265,240	1,492,186,400	21,027,890	23,895,330	167,490,019	669,960,076	710,783,149	2,186,041,806
1999	453,662,100	1,296,177,429	20,839,740	23,681,523	167,490,019	669,960,076	641,991,859	1,989,819,028
1998	423,238,050	1,209,251,571	21,194,540	24,084,705	149,854,308	599,417,232	594,286,898	1,832,753,508
1997	391,092,570	1,117,407,343	21,471,170	24,399,057	142,326,467	569,305,868	554,890,207	1,711,112,268
1996	329,355,630	941,016,086	21,616,300	24,563,977	134,815,855	539,263,420	485,787,785	1,504,843,483
1995	302,165,480	863,329,943	20,683,150	23,503,580	129,619,986	518,479,944	452,468,616	1,405,313,467

Source: Summit County Fiscal Officer.

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

(1) Real estate value is assessed at 35% of appraised market value.

(2) Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

(3) Tangible personal property is assessed at 25% of true value for capital assets and 24% of true value for inventory.

Twinsburg City School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

Collection Year		City, Township, or Village	Twinsburg CSD	Cuyahoga Valley JVSD	Twinsburg Library	County of Summit	Metro Parks	Total
2004	Macedonia City	8.70	58.35	2.00	1.00	12.22	0.85	83.12
	Twinsburg Twp	12.86	58.35	2.00	1.00	12.22	0.85	87.28
	Twinsburg City	2.22	58.35	2.00	1.00	12.22	-	75.79
	Reminderville Village	5.20	58.35	2.00	1.00	12.22	0.85	79.62
2003	Macedonia City	8.70	58.02	2.00	1.00	12.22	0.85	82.79
	Twinsburg Twp	13.61	58.02	2.00	1.00	12.22	-	86.85
	Twinsburg City	1.81	58.02	2.00	1.00	12.22	-	75.05
	Reminderville Village	5.20	58.02	2.00	1.00	12.22	-	78.44
2002	Macedonia City	8.70	59.32	2.00	1.70	12.22	0.85	84.79
	Twinsburg Twp	13.61	59.32	2.00	1.70	12.22	-	88.85
	Twinsburg City	1.81	59.32	2.00	1.70	12.22	-	77.05
	Reminderville Village	5.20	59.32	2.00	1.70	12.22	-	80.44
2001	Macedonia City	8.70	53.17	2.00	1.00	12.22	0.85	77.94
	Twinsburg Twp	13.61	53.17	2.00	1.00	12.22	-	82.00
	Twinsburg City	0.60	53.17	2.00	1.00	12.22	-	68.99
	Reminderville Village	5.20	53.17	2.00	1.00	12.22	-	73.59
2000	Macedonia City	8.70	54.77	2.00	1.00	11.42	0.85	78.74
	Twinsburg Twp	13.61	54.77	2.00	1.00	11.42	-	82.80
	Twinsburg City	2.28	54.77	2.00	1.00	11.42	-	71.47
	Reminderville Village	5.20	54.77	2.00	1.00	11.42	-	74.39
1999	Macedonia City	8.70	52.37	2.00	1.00	11.42	0.85	76.34
	Twinsburg Twp	13.61	52.37	2.00	1.00	11.42	-	80.40
	Twinsburg City	0.60	52.37	2.00	1.00	11.42	-	67.39
	Reminderville Village	5.20	52.37	2.00	1.00	11.42	-	71.99
1998	Macedonia City	8.70	53.37	2.00	1.00	10.80	0.85	76.72
	Twinsburg Twp	13.61	53.37	2.00	1.00	10.80	-	80.78
	Twinsburg City	0.60	53.37	2.00	1.00	10.80	-	67.77
	Reminderville Village	7.30	53.37	2.00	1.00	10.80	-	74.47
1997	Macedonia City	8.70	54.02	2.00	0.30	10.54	0.85	76.41
	Twinsburg Twp	13.61	54.02	2.00	0.30	10.54	-	80.47
	Twinsburg City	0.60	54.02	2.00	0.30	10.54	-	67.46
	Reminderville Village	7.30	54.02	2.00	0.30	10.54	-	74.16
1996	Macedonia City	9.10	56.65	2.00	0.30	13.14	0.85	82.04
	Twinsburg Twp	13.61	56.65	2.00	0.30	13.14	-	85.70
	Twinsburg City	5.50	56.65	2.00	0.30	13.14	-	77.59
	Reminderville Village	7.30	56.65	2.00	0.30	13.14	-	79.39
1995	Macedonia City	9.10	51.29	2.00	0.30	13.31	0.85	76.85
	Twinsburg Twp	13.61	51.29	2.00	0.30	13.31	-	80.51
	Twinsburg City	5.50	51.29	2.00	0.30	13.31	-	72.40
	Reminderville Village	7.30	51.29	2.00	0.30	13.31	-	74.20

Source: Summit County Fiscal Officer

Note: Data is presented on a collection year basis (not fiscal year) because that is the manner in which the information is maintained by the County Fiscal Officer. Property tax rates are per \$1,000 of assessed valuation.

Twinsburg City School District

Computation of Legal Debt Margin

June 30, 2004

Assessed Valuation (2003)		\$ 861,157,079
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Bonded Debt Limit - 9% of Assessed Value (1)		77,504,137
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Outstanding debt:

School Facilities Refunding Bonds		31,570,148
Various Purpose Improvement Refunding Bonds		5,024,978
Various Purpose Notes		1,189,000
Less: Amount available in bond retirement fund		(1,638,808)
Total outstanding debt		\$ 36,145,318

Amount of debt applicable to debt limit		36,145,318
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Voted Debt Margin		\$ 41,358,819
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Bonded Debt Limit - .10% of Assessed Value (1)		861,157
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Outstanding debt:

School Facilities Refunding Bonds		31,570,148
Various Purpose Improvement Refunding Bonds		5,024,978
Various Purpose Notes		1,189,000
Less: Amount available in bond retirement fund		(1,638,808)
Total outstanding debt		\$ 36,145,318

Less exemptions:

School Facilities Refunding Bonds		31,570,148
Various Purpose Improvement Refunding Bonds		5,024,978
Various Purpose Notes		1,189,000
Less: Amount available in bond retirement fund		(1,638,808)
Total exemptions		\$ 36,145,318

Amount of debt applicable to debt limit		-
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Unvoted Debt Margin		\$ 861,157
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Source: Summit County Fiscal Officer and School District financial records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

Twinsburg City School District

**Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years**

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Population (1)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2004	\$ 36,145,318	\$ 861,157,079	30,730	4.20%	1,176.22
2003	38,638,406	867,689,728	30,730	4.45%	1,257.35
2002	40,376,839	797,339,929	30,730	5.06%	1,313.92
2001	42,591,869	751,386,855	30,730	5.67%	1,386.00
2000	40,055,503	710,783,149	30,730	5.64%	1,303.47
1999	39,015,572	641,991,859	21,174	6.08%	1,842.62
1998	39,367,299	594,286,898	21,174	6.62%	1,859.23
1997	39,969,607	554,890,207	21,174	7.20%	1,887.67
1996	41,003,754	485,787,785	21,174	8.44%	1,936.51
1995	9,409,983	452,468,616	21,174	2.08%	444.41

Source: Summit County Fiscal Officer, School District financial records.

(1) Population data for 1995 through 1999 was assumed to be the same as the 1990 census and 2001 through 2004 was assumed to be the same as the 2000 census as interim data was not available.

Twinsburg City School District

**Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total Governmental Expenditures
Last Ten Fiscal Years**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures (Percentages)</u>
2004	\$ 1,906,000	\$ 1,257,143	\$ 3,163,143	\$ 39,467,830	8.01%
2003	1,425,000	1,932,130	3,357,130	39,017,305	8.60%
2002	765,000	2,150,281	2,915,281	33,343,311	8.74%
2001	1,145,000	2,304,456	3,449,456	33,361,705	10.34%
2000	1,090,000	2,341,035	3,431,035	34,446,513	9.96%
1999	1,120,000	2,383,756	3,503,756	49,529,646	7.07%
1998	780,000	2,438,437	3,218,437	46,034,217	6.99%
1997	690,000	2,658,119	3,348,119	27,376,426	12.23%
1996	625,000	1,652,663	2,277,663	54,011,611	4.22%
1995	560,000	663,602	1,223,602	18,784,108	6.51%

Source: School District financial records.

Twinsburg City School District

Demographic Statistics

<u>Selected Population Characteristic</u>	<u>2000</u>	<u>1990</u>
<u>Gender</u>		
Male	14,894	10,331
Female	15,836	10,843
 <u>Age Distribution</u>		
Under 5 years	2,304	1,715
5 to 20 years	6,614	4,887
21 to 24 years	1,138	947
25 to 44 years	10,353	7,799
45 to 54 years	4,538	2,391
55 to 64 years	2,649	1,753
65 to 74 years	1,798	1,127
75 years and older	1,336	555
Percent of population under 20	29.02%	31.18%
Percent of population 65 and older	10.20%	7.94%
 <u>Race</u>		
White	26,321	19,048
Black	3,262	1,895
Other	1,147	231

Source: U.S. Bureau of the Census

Data used for City of Macedonia, Twinsburg Township, City of Reminderville and Twinsburg City.

Twinsburg City School District
Property Values, Bank Deposits and Construction
Last Ten Calendar Years

<u>Year</u>	<u>Total Assessed Values</u>	<u>Certified Bank Deposits (in thousands)</u>	<u>Value of New Construction</u>
2003	\$ 861,157,079	\$ 7,827,789	\$ 16,878,780
2002	867,689,728	8,097,304	20,096,500
2001	797,339,929	7,870,201	30,361,790
2000	751,386,855	7,920,486	39,316,042
1999	710,783,149	7,133,568	27,687,480
1998	641,991,859	4,486,230	26,256,340
1997	594,286,898	4,421,560	20,739,330
1996	554,890,207	4,342,660	21,137,250
1995	485,787,785	4,267,009	21,965,600
1994	452,468,616	4,199,905	17,834,430

Source: Summit County Fiscal Officer, Federal Reserve Bank of Cleveland and the City of Twinsburg

Data is presented on a calendar year basis because that is the manner in which the data is maintained.

Twinsburg City School District
Principal Taxpayers

Top Taxpayers	Assessed Valuations				Percent of Total	Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total		Real Property	Tangible Personal	Public Utility	Total
Daimler Chrysler Corp.	\$ 10,675,660	\$ 66,933,840	\$ -	\$ 77,609,500	9.01%	\$ 30,501,886	\$ 267,735,360	\$ -	\$ 298,237,246
Rockwell International	-	9,390,380	-	9,390,380	1.09%	-	37,561,520	-	37,561,520
Deer Run Apts. Ltd.	8,031,240	-	-	8,031,240	0.93%	22,946,400	-	-	22,946,400
Coca Cola Bottling Company	2,924,610	5,917,270	-	8,841,880	1.03%	8,356,029	23,669,080	-	32,025,109
Ohio Edison Co.	-	-	7,467,250	7,467,250	0.87%	-	-	8,485,511	8,485,511
Pioneer-Standard Electronics, Inc.	-	5,802,030	-	5,802,030	0.67%	-	23,208,120	-	23,208,120
Alltel Corporation	-	4,768,210	-	4,768,210	0.55%	-	19,072,840	-	19,072,840
Pepsi Cola Bottlers	-	4,347,540	-	4,347,540	0.50%	-	17,390,160	-	17,390,160
RSV Twinsburg Hotel LTD	3,943,620	-	-	3,943,620	0.46%	11,267,486	-	-	11,267,486
Western Reserve	-	-	3,739,360	3,739,360	0.43%	-	-	4,249,273	4,249,273
Total Top Ten Taxpayers	\$ 25,575,130	\$ 97,159,270	\$ 11,206,610	\$ 133,941,010	15.55%	\$ 73,071,801	\$ 388,637,080	\$ 12,734,784	\$ 474,443,665
Total All Assessed Valuations	\$ 655,385,910	\$ 190,605,189	\$ 15,165,980	\$ 861,157,079	100.00%				

Sources: Summit County Fiscal Officer

Twinsburg City School District
Computation of Direct and Overlapping Bonded Debt
June 30, 2004

Jurisdiction	Assessed Valuation	Net General Tax Supported Debt (1)	Percent Overlapping	Amount Applicable Twinsburg City School District
Direct:				
Twinsburg City School District	\$ 861,157,079	<u>\$ 36,145,318</u>	100.00%	<u>\$ 36,145,318</u>
Overlapping:				
City of Twinsburg	672,902,302	17,189,973	100.00%	17,189,973
Twinsburg Township	271,888,275	-	50.52%	-
City of Macedonia	384,100,651	82,836	1.05%	871
Reminderville Village	53,640,320	-	87.37%	-
Twinsburg Library	861,157,079	-	100.00%	-
Metro Transit	11,876,411,268	1,980,000	7.25%	143,570
Cuyahoga Valley JVSD (2)	2,509,461,194	-	34.32%	-
Summit County	11,876,411,268	<u>78,200,000</u>	7.25%	<u>5,670,272</u>
Total overlapping:		<u>97,452,809</u>		<u>23,004,686</u>
Total direct and overlapping debt:		<u>\$ 133,598,127</u>		<u>\$ 59,150,004</u>

Sources: Summit County Fiscal Officer

(1) All debt reported as of December 31, 2003, except for Twinsburg City School District which is reported as of June 30, 2004.

(2) Cuyahoga Valley JVSD; Summit County Valuation ONLY.

Twinsburg City School District

Miscellaneous Statistics

Last Ten Fiscal Years (1)

	<u>Fiscal Year Ended June 30, 2003</u>	<u>Fiscal Year Ended June 30, 2002</u>	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>
Fall Enrollment	3,807	3,754	3,710	3,675
<u>Demographic Data:</u>				
Average Income	\$ 41,907	41,610	41,657	43,187
Property Valuation/Pupil	\$ 226,204	228,630	191,138	176,701
<u>Fiscal Data:</u>				
Effective Mills	38.46	37.85	24.04	26.10
Average Teacher Salary	\$ 49,291	45,699	46,125	47,463
<u>Staff Data:</u>				
Percent of Teachers With No Degree	-	-	-	-
Percent of Teachers With Bachelor Degree	100.00%	51.00	51.22	57.00
Percent of Teachers With Masters Degree	52.00%	49.00	48.78	43.00
Average Teacher Experience (yrs.)	10.00	10.00	10.28	12.00
<u>Output:</u>				
Pupil Attendance Rate	95.82%	95.70	95.90	95.90
Staff Attendance Rate	94.00%	94.70	96.40	96.70
Graduation Rate	95.50%	93.20	89.50	91.60

Sources: Ohio Department of Education, School District Records and School District Report Card

(1) Information not available for 2004.

<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>	<u>Fiscal Year Ended June 30, 1997</u>	<u>Fiscal Year Ended June 30, 1996</u>	<u>Fiscal Year Ended June 30, 1995</u>	<u>Fiscal Year Ended June 30, 1994</u>
3,371	3,143	2,980	2,827	2,703	2,608
42,407	42,407	39,950	38,066	35,175	33,941
174,090	174,163	161,260	156,657	152,629	138,336
24.15	24.35	28.00	28.39	28.63	36.19
43,938	42,870	41,448	41,134	39,934	38,248
-	-	-	-	-	-
56.90	59.49	63.47	63.26	63.91	66.21
43.10	40.51	36.53	36.74	36.09	33.79
12.00	12.20	11.90	13.90	14.10	13.00
95.20	95.66	95.29	95.17	94.96	95.48
96.20	95.91	95.80	95.14	94.46	95.58
92.10	75.60	63.79	61.87	78.21	72.01

Twinsburg City School District

Directory of School Facilities

June 30, 2004

<u>FACILITY</u>	<u>ADDRESS</u>	<u>PRINCIPAL</u>	<u>GRADES</u>
Twinsburg High School	10084 Ravenna Road Twinsburg, OH 44087	Mr. Michael Swank	9-12
R.B. Chamberlin Middle School	10270 Ravenna Road Twinsburg, OH 44087	Mr. Michael Lenzo	7-8
Dodge Intermediate School	10225 Ravenna Road Twinsburg, OH 44087	Mrs. Barbara Werstler	4-6
Bissell Elementary	1811 Glenwood Drive Twinsburg, OH 44087	Ms. Catherine Aukerman	2-3
Wilcox Elementary	9198 Darrow Road Twinsburg, OH 44087	Ms. Judith Latin	PreK-1

Source: Twinsburg City School District records



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**TWINSBURG CITY SCHOOL DISTRICT
SUMMIT 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
FEBRUARY 15, 2005**