

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

SUPPLEMENTAL REPORTS

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2005***

DIANA C. WHITT, TREASURER



**Auditor of State
Betty Montgomery**

Board of Education
Trotwood-Madison City School District
444 S. Broadway St.
Trotwood, OH 45246

We have reviewed the *Independent Auditor's Report* of the Trotwood-Madison City School District, Montgomery County, prepared by Julian and Grube, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 11, 2006

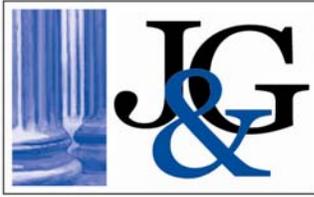
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**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated January 11, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Julian & Grube, Inc.
January 11, 2006

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A),(C) Food Donation	10.550	N/A	\$ -	\$ 72,566	\$ -	\$ 72,566
(A),(D) School Breakfast Program	10.553	048694-05PU-2004	62,992	-	62,992	-
(A),(D) School Breakfast Program	10.553	048694-05PU-2005	192,606	-	192,606	-
(A),(D) National School Lunch Program	10.555	048694-LLP1-2004	563	-	563	-
(A),(D) National School Lunch Program	10.555	048694-LLP1-2005	5,121	-	5,121	-
(A),(D) National School Lunch Program	10.555	048694-LLP4-2004	190,895	-	190,895	-
(A),(D) Summer Food Service Program for Children	10.555	048694-LLP4-2005	485,970	-	485,970	-
(A),(D) Summer Food Service Program for Children	10.559	048694-23PU-2004	40,578	-	40,578	-
(A),(D) Summer Food Service Program for Children	10.559	048694-23PU-2005	27,000	-	27,000	-
(A),(D) Summer Food Service Program for Children	10.559	048694-24PU-2004	3,856	-	3,856	-
(A),(D) Summer Food Service Program for Children	10.559	048694-24PU-2005	1,444	-	1,444	-
Total U.S. Department of Agriculture and Nutrition Cluster			<u>1,011,025</u>	<u>72,566</u>	<u>1,011,025</u>	<u>72,566</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(F) Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2002	(435)	-	-	-
(G) Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2003	(140,924)	-	-	-
Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2004	325,450	-	187,735	-
Title I Grants to Local Educational Agencies	84.010	048694-C1S1-2005	1,039,911	-	1,011,810	-
Total Title I - Grants to Local Educational Agencies			<u>200,222</u>	<u>-</u>	<u>1,199,545</u>	<u>-</u>
Special Education Cluster:						
(B),(H) Special Education-Grants to States	84.027	048694-6BSF-2004	81,688	-	32,116	-
(B) Special Education-Grants to States	84.027	048694-6BSF-2005	641,757	-	691,222	-
Total Special Education: Grants to States			<u>723,445</u>	<u>-</u>	<u>723,338</u>	<u>-</u>
(B) Special Education-Preschool Grants	84.173	048694-PGS1-2004	-	-	1,338	-
(B) Special Education-Preschool Grants	84.173	048694-PGS1-2005	8,726	-	8,339	-
Total Special Education: Preschool Grants			<u>8,726</u>	<u>-</u>	<u>9,677</u>	<u>-</u>
Total Special Education Cluster			<u>732,171</u>	<u>-</u>	<u>733,015</u>	<u>-</u>
Safe and Drug-Free Schools and Communities-State Grants	84.186	048694-DRS1-2005	30,564	-	30,214	-
State Grants for Innovative Programs	84.298	048694-C2S1-2003	8,999	-	-	-
State Grants for Innovative Programs	84.298	048694-C2S1-2004	29,500	-	30,616	-
State Grants for Innovative Programs	84.298	048694-C2S1-2005	16,375	-	14,825	-
Total State Grants for Innovative Programs			<u>54,874</u>	<u>-</u>	<u>45,441</u>	<u>-</u>
Education Technology State Grants	84.318	048694-TJS1-2003	6,660	-	-	-
(I) Education Technology State Grants	84.318	048694-TJS1-2004	13,670	-	8,824	-
Education Technology State Grants	84.318	048694-TJS1-2005	16,360	-	22,148	-
(J) Education Technology State Grants	84.318	048694-TJSL-2004	22,394	-	2,290	-
Education Technology State Grants	84.318	048694-TJSL-2005	189,175	-	180,062	-
Total Technology Literacy Challenge Fund Grants			<u>248,259</u>	<u>-</u>	<u>213,324</u>	<u>-</u>
(K) Comprehensive School Reform Demonstration	84.332	048694-RFCC-2003	36,148	-	-	-
(L) Comprehensive School Reform Demonstration	84.332	048694-RFCC-2004	(1,715)	-	2,142	-
Comprehensive School Reform Demonstration	84.332	048694-RFCC-2005	50,000	-	50,000	-
(M) Comprehensive School Reform Demonstration	84.332	048694-RFS2-2003	53,456	-	532	-
Comprehensive School Reform Demonstration	84.332	048694-RFS3-2004	60,750	-	60,750	-
Total Comprehensive School Reform Demonstration			<u>198,639</u>	<u>-</u>	<u>113,424</u>	<u>-</u>
Reading First State Grants	84.357	048694-RSS1-2005	1,153,429	-	1,171,828	-
Improving Teacher Quality State Grants	84.367	048694-TRS1-2003	-	-	-	-
Improving Teacher Quality State Grants	84.367	048694-TRS1-2004	200,595	-	61,577	-
Improving Teacher Quality State Grants	84.367	048694-TRS1-2005	260,235	-	254,298	-
Total Improving Teacher Quality State Grants			<u>460,830</u>	<u>-</u>	<u>315,975</u>	<u>-</u>
Total U.S. Department of Education			<u>4,102,768</u>	<u>-</u>	<u>3,822,766</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
(N) State Children's Insurance Program	93.767	N/A	3,307	-	3,307	-
(N) Medical Assistance Program	93.778	N/A	45,230	-	45,230	-
Total U.S. Department of Health and Human Services			<u>48,537</u>	<u>-</u>	<u>48,537</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 5,162,330</u>	<u>\$ 72,566</u>	<u>\$ 4,882,328</u>	<u>\$ 72,566</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
(B) Included as part of "Special Education Grant Cluster" in determining major programs.
(C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(E) This schedule was prepared on the cash basis of accounting.
(F) Amount of \$435 repaid to the Ohio Department of Education based on expiration of period availability.
(G) Amount of \$140,924 repaid to the Ohio Department of Education based on expiration of period of availability.
(H) Amount of \$68,278 transferred to the next grant year based on Ohio Department of Education administrative action.
(I) Amount of \$6,660 transferred to the previous grant year based on Ohio Department of Education administrative action.
(J) Amount of \$31 transferred to the next grant year based on Ohio Department of Education administrative action.
(K) Amount of \$22,428 repaid to the Ohio Department of Education based on expiration of period of availability.
(L) Amount of \$1,715 transferred to the next grant year based on Ohio Department of Education administrative action.
(M) Amount of \$1,484 repaid to the Ohio Department of Education based on expiration of period of availability.
(N) A pass-through number was not available for these grant awards.



Julian & Grube, Inc.

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

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

We have audited basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, Montgomery County, (the "District") as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2006. As disclosed in Note 20 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated January 11, 2006.

Board of Education
Trotwood-Madison City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as item 2005-TMCSD-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Trotwood-Madison City School District in a separate letter dated January 11, 2006.

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



Julian & Grube, Inc.
January 11, 2006



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

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

Compliance

We have audited the compliance of Trotwood-Madison City School District, Montgomery County (the "District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal 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 of America; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Trotwood-Madison City School District, Montgomery County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005.

Board of Education
Trotwood-Madison City School District

Internal Control Over Compliance

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

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

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



Julian & Grube, Inc.
January 11, 2006

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Title I Grants to Local Educational Agencies: CFDA #84.010; Reading First State Grants: CFDA #84.357; Improving Teacher Quality State Grants: CFDA #84.367
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2005-TMCSD-001

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

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

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 22,227,900
<u>Special Revenue Funds</u>	
Food Service	1,603,914
Public School	10,190
Other Grant	40,000
District Managed Student Activity	110,496
Auxiliary Services	164,810
Management Information System	13,000
Entry Year Programs	9,899
Data Communication	21,000
Ohio Reads	5,683
Summer Intervention	5,728
Alternative Schools	15,543
Miscellaneous State Grants	2,215
IDEA - Part B	168,552
Title I	274,260
Title V - Innovative Education Programs	21,853
IDEA - Preschool Grant	3,514
Improving Teacher Quality	217,296
<u>Debt Service Fund</u>	
Board Retirement	449,356
<u>Capital Project Fund</u>	
Classroom Facilities	2,593,168
<u>Internal Service Fund</u>	
Employee Benefits Self-Insurance	3,692,359

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2005-TMCSD-001 (Continued)

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

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

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

3. FINDINGS FOR FEDERAL AWARDS

None

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

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-TMCSO-001	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.	No	Repeated as finding 2005-TMCSO-001.
2004-TMCSO-002	Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.	Yes	N/A
2004-TMCSO-003	Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.	Yes	N/A

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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**INTRODUCTORY
SECTION**



TROTWOOD-MADISON
CITY SCHOOL DISTRICT

Our Mission Is 100% Student Success!

February 23, 2006

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

The Comprehensive Annual Financial Report [CAFR] of the Trotwood-Madison City School District for the fiscal year ended June 30, 2005, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from Julian & Grube, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the Trotwood-Madison City School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the District's consultants and advisors, the GFOA and ASBO certificates the District received for the June 30, 2004 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the independent accountants' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

THE DISTRICT AND ITS FACILITIES

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

The District is comprised of a three building senior high school campus, a junior high school serving grades 7-8, and six elementary schools serving grades K-6. The District currently services approximately 3,500 students.

Constructed	School Address	October 2005 Enrollment
1966	Broadmoor Academy 701 East Main Street	401
1961	Madison Park Elementary 301 South Broadway	345
1968	Shiloview Elementary 5600 Elgin Roof Drive	343

Constructed	School/Address	October 2005 Enrollment
1957	Townview Elementary 5280 Gardendale Avenue	296
1976	Westbrook Elementary 6500 Westford Road	402
1975	Trotwood-Madison Middle School 3594 North Snyder Road	546
1959	Trotwood-Madison High School 221 East Trotwood Blvd.	1087

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The board members on June 30, 2005, were as follows:

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

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

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

EMPLOYEE RELATIONS

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

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

SERVICES PROVIDED

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

Transportation is provided for over 1,924 students each day. The District fleet of 29 buses travels over 1,566 miles each day transporting to 23 different sites. The department transported both public and non-public students on 678 extra-curricular trips during the year.

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

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

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

The District offers regular instructional programs daily to students in grades K-12. There are approximately 107 students in the specific trades through vocational education. Over 590 students receive special services, due to physical or mental handicapping conditions. In grades 4-8, approximately 55 students participated in the gifted program. The District presented 175 high school diplomas in 2004.

MAJOR CURRENT AND FUTURE INITIATIVES

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

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

Beliefs

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

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

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

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

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

CHALLENGES FOR 2004-2005 AND BEYOND

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

DISTRICT GOALS FOR 2004-2005

To improve student achievement through:

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

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

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

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

LONG-RANGE BUILDING AND MAINTENANCE PLANS

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

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

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

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

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

FINANCIAL CONDITION

The District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis -- for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

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

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government, or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$2,067,063 for the year ended June 30, 2005.

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

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

RISK MANAGEMENT

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

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

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

INDEPENDENT AUDIT

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

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

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

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

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

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate

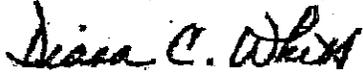
The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2004. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2005, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2005 Comprehensive Annual Financial Report of the Trotwood-Madison City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Diana C. Whitt
Treasurer

TROTWOOD-MADISON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2005

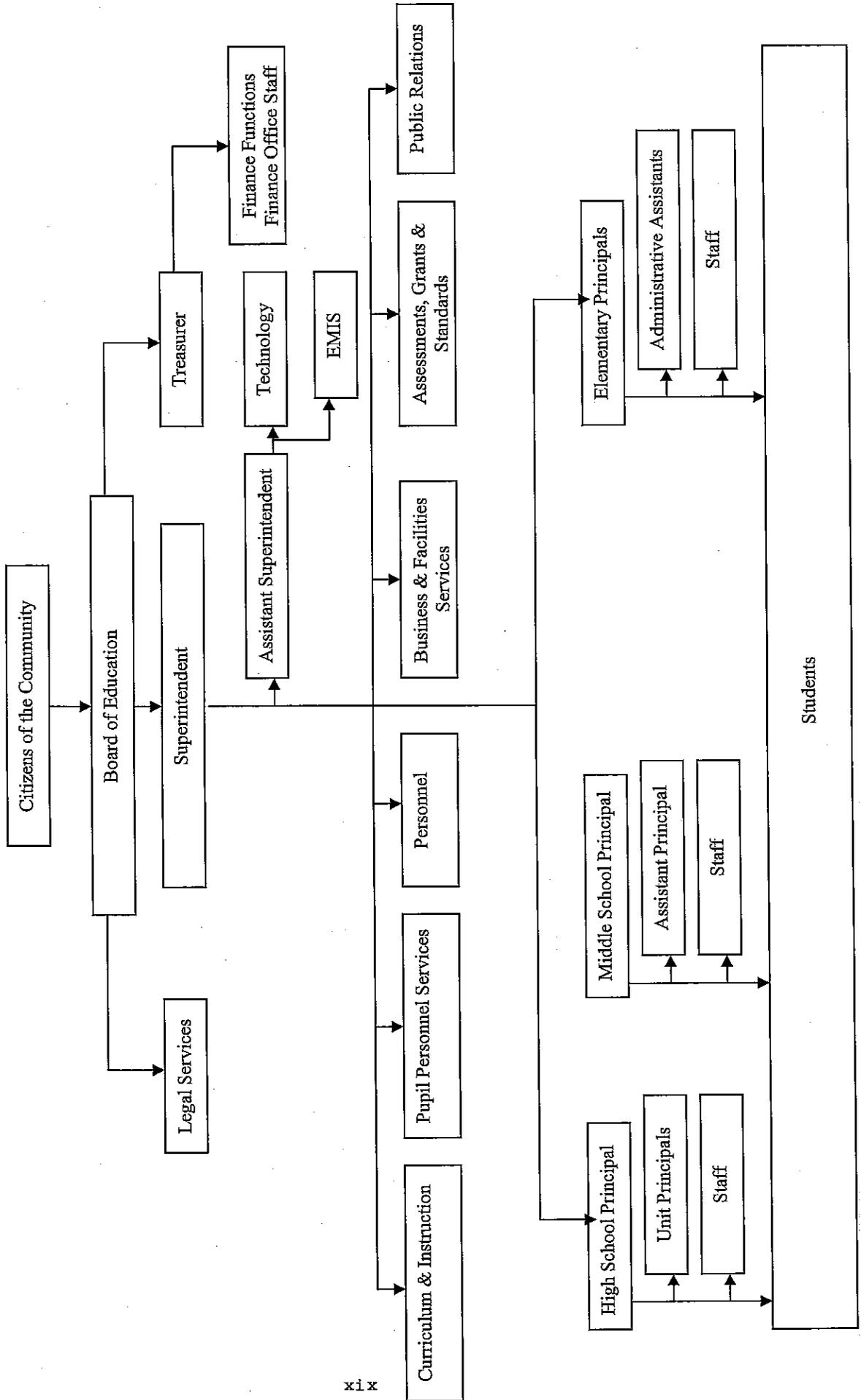
BOARD OF EDUCATION

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

ADMINISTRATIVE OFFICIALS

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

TROTWOOD-MADISON CITY SCHOOL ORGANIZATIONAL CHART



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

Trotwood-Madison City School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Trotwood-Madison
City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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. Zjella

President

Jeffrey R. Emery

Executive Director

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**FINANCIAL
SECTION**



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, Montgomery County, (the "District"), as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, Montgomery County, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 20 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report
Trotwood-Madison City School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Julian & Grube, Inc.
January 11, 2006

TROTWOOD-MADISON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The discussion and analysis of Trotwood-Madison City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- Net assets increased \$2,703,981 which represents a 17.8% increase from 2004.
- General revenues accounted for \$35,131,551 in revenue or 82.3% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,545,810 or 17.7% of total revenues of \$42,677,361.
- Total assets of governmental activities increased by \$2,088,626 as taxes receivable decreased by \$1,308,270 while cash and other receivables decreased by \$15,644,346.
- The District had \$39,973,380 in expenses related to governmental activities; \$7,545,810 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$35,131,551 were adequate to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

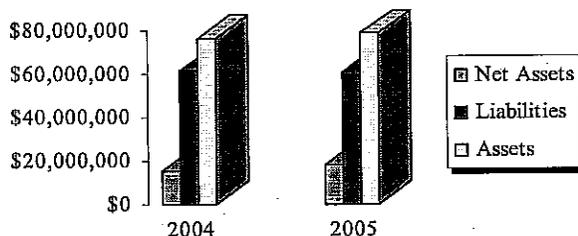
The District as a Whole

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

Table 1 provides a summary of the District's net assets for 2004 compared to 2005:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Assets		
Current and Other Assets	\$57,063,169	\$40,137,760
Capital Assets	<u>19,589,059</u>	<u>38,603,094</u>
Total Assets	<u>76,652,228</u>	<u>78,740,854</u>
Liabilities		
Long-Term Liabilities	46,391,024	45,398,317
Other Liabilities	<u>15,110,247</u>	<u>15,487,599</u>
Total Liabilities	<u>61,501,271</u>	<u>60,885,916</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	4,698,472	4,513,018
Restricted	5,254,994	5,673,721
Unrestricted	<u>5,197,491</u>	<u>7,668,199</u>
Total Net Assets	<u>\$15,150,957</u>	<u>\$17,854,938</u>



Over time, assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$17,854,938.

At year-end, capital assets represented 49% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2005, was \$4,513,018. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$5,673,721, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net assets of \$7,668,199 may be used to meet the District's ongoing obligations to the students and creditors.

Table 2 shows the change in net assets for fiscal year 2004 compared to fiscal year 2005.

Table 2
Changes in Net Assets

	Governmental Activities <u>2004</u>	Governmental Activities <u>2005</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,092,916	\$674,484
Operating Grants	7,237,406	5,120,360
Capital Grants	26,165	1,750,966
General Revenue:		
Property Taxes	13,450,170	12,094,590
Grants and Entitlements	18,862,095	19,932,305
Other	<u>1,383,107</u>	<u>3,104,656</u>
Total Revenues	<u>42,051,859</u>	<u>42,677,361</u>
Program Expenses:		
Instruction	21,250,122	21,254,126
Support Services:		
Pupil and Instructional Staff	3,348,500	4,359,428
School and General Administrative, Fiscal and Business	3,723,154	3,681,191
Operations and Maintenance	2,488,552	2,566,632
Pupil Transportation	1,599,259	1,772,666
Central	888,264	1,760,909
Operation of Non-Instructional Services	1,899,807	1,901,656
Extracurricular Activities	664,663	649,110
Interest and Fiscal Charges	<u>1,828,252</u>	<u>2,027,662</u>
Total Expenses	<u>37,690,573</u>	<u>39,973,380</u>
Change in Net Assets	4,361,286	2,703,981
Beginning Net Assets	<u>10,789,671</u>	<u>15,150,957</u>
Ending Net Assets	<u>\$15,150,957</u>	<u>\$17,854,938</u>

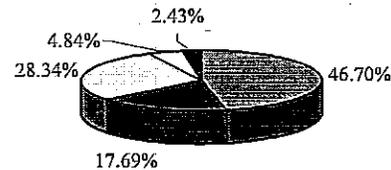
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general, debt service and capital projects purposes and grants and entitlements comprised 75% of the District's revenues for governmental activities.

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

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 28% of revenue for governmental activities for the District in fiscal year 2005.

Revenue Sources	2005	Percent of Total
General Grants	\$19,932,305	46.70%
Program Revenues	7,545,810	17.69%
General Tax Revenues	12,094,590	28.34%
Investment Earnings	2,067,063	4.84%
Other Revenues	1,037,593	2.43%
	<u>\$42,677,361</u>	<u>100.00%</u>



Instruction comprises 53.2% of governmental program expenses. Support services expenses were 35.4% of governmental program expenses. All other expenses including interest expense were 11.4%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2004	2005	2004	2005
Instruction	\$21,250,122	\$21,254,126	(\$17,400,411)	(\$16,308,950)
Support Services:				
Pupil and Instructional Staff	3,348,500	4,359,428	(2,297,937)	(3,464,084)
School and General Administrative, Fiscal and Business	3,723,154	3,681,191	(3,511,517)	(3,194,178)
Operations and Maintenance	2,488,552	2,566,632	(2,485,083)	(2,565,384)
Pupil Transportation	1,599,259	1,772,666	(1,574,962)	(1,739,220)
Central	888,264	1,760,909	(855,528)	(1,709,900)
Operation of Non-Instructional Services	1,899,807	1,901,656	525,498	(845,107)
Extracurricular Activities	664,663	649,110	94,106	(573,085)
Interest and Fiscal Charges	<u>1,828,252</u>	<u>2,027,662</u>	<u>(1,828,252)</u>	<u>(2,027,662)</u>
Total Expenses	<u>\$37,690,573</u>	<u>\$39,973,380</u>	<u>(\$29,334,086)</u>	<u>(\$32,427,570)</u>

The District's Funds

The District has four major governmental funds: the General Fund, Debt Service Fund and two Capital Projects Funds. Assets of these funds comprise \$42,414,984 (94%) of the total \$45,349,555 governmental funds assets.

General Fund: Fund balance at June 30, 2005 was \$6,651,419 including \$5,455,335 of unreserved balance which represents 19% of expenditures for 2005. The primary reason for the increase in fund balance were increases in tax revenues and grants.

Debt Service Fund: Fund balance at June 30, 2005 was \$893,166, which represents 38% of expenditures for fiscal year 2005. Current year change in fund balance was \$197,887 which is an increase over the fiscal year 2004 increase of \$113,828. The cause of the increase relates mainly to an increase in tax revenues.

Permanent Improvement Fund: The net change in fund balance for fiscal year 2005 was (\$323,375) and relates mainly to transfers in.

Permanent Improvement Renewal Fund: The net change in fund balance for fiscal year 2005 was (\$18,512,891) and relates to expenditures for construction of the new high school.

General Fund Budgeting Highlights

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

For the General Fund, budget basis revenue was \$6,196,265. The original budget estimate was \$6,190,164. The difference was \$6,101. Of this difference, most was due to a conservative estimate of grant and tax revenue.

The District's ending unobligated cash balance was \$7,506,754 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$38,603,094 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal 2005 balances compared to fiscal 2004:

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

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Land	\$1,156,779	\$1,156,779
Construction in Progress	14,353,712	33,515,961
Buildings and Improvements	1,465,178	1,292,422
Equipment	<u>2,613,390</u>	<u>2,637,932</u>
Total Net Assets	<u>\$19,589,059</u>	<u>\$38,603,094</u>

The increase in capital assets is mainly due to in construction in progress for the new high school building.

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

Debt

At June 30, 2005, the District had \$34,191,565 in debt outstanding, \$846,500 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2004	Governmental Activities 2005
1996 Energy Conservation Notes Payable	\$96,875	\$50,375
1999 Energy Conservation Notes Payable	340,000	280,000
1999 School Bus Notes Payable	100,000	0
2003 School Improvement Bond	34,480,952	33,861,190
Total Long-Term Notes and Bonds	<u>\$35,017,827</u>	<u>\$34,191,565</u>

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

For the Future

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

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

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. Even though the District is projecting a slight decrease in enrollment, the need for increased revenues is projected for fiscal year 2006. This increased funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

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

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

Contacting the District's Financial Management

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

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Trotwood-Madison City School District
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$18,728,377
Restricted Cash and Investments	81,076
Cash and Cash Equivalents with Fiscal Agent	5,945,910
Receivables:	
Taxes	13,974,766
Accounts	168,079
Intergovernmental	1,202,567
Inventory	36,985
Nondepreciable Capital Assets	34,672,740
Depreciable Capital Assets, Net	<u>3,930,354</u>
 Total Assets	 <u>78,740,854</u>
Liabilities:	
Accounts Payable	192,597
Accrued Wages and Benefits	2,778,963
Retainage Payable	503,555
Accrued Interest Payable	139,943
Contracts Payable	930,929
Deferred Revenue	10,601,907
Claims Payable	134,705
General Obligation Notes Payable	205,000
Long-Term Liabilities:	
Due Within One Year	1,209,517
Due In More Than One Year	<u>44,188,800</u>
 Total Liabilities	 <u>60,885,916</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	4,513,018
Restricted for:	
Special Revenue	508,339
Debt Service	1,142,406
Capital Projects	3,941,900
BWC Refunds	81,076
Unrestricted	<u>7,668,199</u>
 Total Net Assets	 <u>\$17,854,938</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$12,604,447	\$374,552	\$878,026	\$1,723,553	(\$9,628,316)
Special	8,561,735	123,015	1,834,534	0	(6,604,186)
Vocational	8,128	0	0	0	(8,128)
Other	79,816	0	11,496	0	(68,320)
Support Services:					
Pupil	1,792,572	0	482,719	0	(1,309,853)
Instructional Staff	2,566,856	0	412,625	0	(2,154,231)
General Administration	39,136	0	0	0	(39,136)
School Administration	2,702,760	99,644	387,369	0	(2,215,747)
Fiscal	696,725	0	0	0	(696,725)
Business	242,570	0	0	0	(242,570)
Operations and Maintenance	2,566,632	1,248	0	0	(2,565,384)
Pupil Transportation	1,772,666	0	6,033	27,413	(1,739,220)
Central	1,760,909	0	51,009	0	(1,709,900)
Operation of Non-Instructional Services	1,901,656	0	1,056,549	0	(845,107)
Extracurricular Activities	649,110	76,025	0	0	(573,085)
Interest and Fiscal Charges	2,027,662	0	0	0	(2,027,662)
Totals	\$39,973,380	\$674,484	\$5,120,360	\$1,750,966	(\$32,427,570)

General Revenues:

Property Taxes Levied for:	
General Purposes	9,352,390
Debt Service Purposes	2,089,660
Capital Projects Purposes	652,540
Grants and Entitlements not Restricted to Specific Programs	19,932,305
Investment Earnings	2,067,063
Other Revenues	1,037,593
Total General Revenues	35,131,551
Change in Net Assets	2,703,981
Net Assets Beginning of Year	15,150,957
Net Assets End of Year	\$17,854,938

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Balance Sheet
Governmental Funds
June 30, 2005

	General	Debt Service	Permanent Improvement	Permanent Improvement Renewal	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$7,700,433	\$681,420	\$5,448,698	\$3,207,792	\$1,525,803	\$18,564,146
Restricted Cash and Investments	81,076	0	0	0	0	81,076
Cash and Cash Equivalents with Fiscal Agent	0	0	0	5,945,910	0	5,945,910
Receivables:						
Taxes	10,960,172	2,466,297	548,297	0	0	13,974,766
Accounts	168,079	0	0	0	0	168,079
Intergovernmental	0	0	0	0	1,202,567	1,202,567
Due From Other Funds	0	0	0	4,829,896	160,567	4,990,463
Interfund	376,914	0	0	0	8,649	385,563
Inventory	0	0	0	0	36,985	36,985
Total Assets	19,286,674	3,147,717	5,996,995	13,983,598	2,934,571	45,349,555
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	44,373	0	180	0	148,044	192,597
Accrued Wages and Benefits	2,247,788	0	0	0	531,175	2,778,963
Compensated Absences	107,385	0	0	0	0	107,385
Retainage Payable	0	0	0	503,555	0	503,555
Contracts Payable	0	0	0	930,929	0	930,929
Interfund Payable	0	0	0	0	385,563	385,563
Deferred Revenue	10,075,142	2,254,551	486,584	0	1,202,567	14,018,844
Due To Other Funds	160,567	0	4,829,896	0	0	4,990,463
General Obligation Notes Payable	0	0	0	205,000	0	205,000
Total Liabilities	12,635,255	2,254,551	5,316,660	1,639,484	2,267,349	24,113,299
Fund Balances:						
Reserved for Encumbrances	229,978	0	125	10,480	1,869,205	2,109,788
Reserved for Inventory	0	0	0	0	36,985	36,985
Reserved for Property Tax Advances	885,030	211,746	61,713	0	0	1,158,489
Reserved for BWC Refunds	81,076	0	0	0	0	81,076
Unreserved, Undesignated, Reported in:						
General Fund	5,455,335	0	0	0	0	5,455,335
Special Revenue Funds	0	0	0	0	(552,326)	(552,326)
Debt Service Funds	0	681,420	0	0	0	681,420
Capital Projects Funds	0	0	618,497	12,333,634	(686,642)	12,265,489
Total Fund Balances	6,651,419	893,166	680,335	12,344,114	667,222	21,236,256
Total Liabilities and Fund Balances	\$19,286,674	\$3,147,717	\$5,996,995	\$13,983,598	\$2,934,571	\$45,349,555

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2005

Total Governmental Fund Balance		\$21,236,256
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.		38,603,094
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	2,214,370	
Intergovernmental	<u>1,202,567</u>	
		3,416,937
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		29,526
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(139,943)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(1,053,367)</u>	
		(1,053,367)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(44,237,565)</u>
Net Assets of Governmental Activities		<u>\$17,854,938</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Debt Service	Permanent Improvement	Permanent Improvement Renewal	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$10,137,653	\$2,268,202	\$706,333	\$0	\$0	\$13,112,188
Tuition and Fees	503,600	0	0	0	41,851	545,451
Investment Earnings	165,963	2,826	16,750	452,209	3,684	641,432
Intergovernmental	19,661,631	266,188	80,436	0	8,964,284	28,972,539
Extracurricular Activities	0	0	0	0	133,818	133,818
Other Revenues	404,795	0	0	3,949	482,759	891,503
Total Revenues	30,873,642	2,537,216	803,519	456,158	9,626,396	44,296,931
Expenditures:						
Current:						
Instruction:						
Regular	10,509,291	0	0	0	1,989,481	12,498,772
Special	7,086,033	0	0	0	1,448,992	8,535,025
Vocational	8,128	0	0	0	0	8,128
Other	40,696	0	0	0	21,978	62,674
Support Services:						
Pupil	900,348	0	0	0	862,591	1,762,939
Instructional Staff	1,408,439	0	0	0	1,162,360	2,570,799
General Administration	36,609	0	0	0	0	36,609
School Administration	2,160,233	0	0	0	528,717	2,688,950
Fiscal	661,321	30,216	10,171	1,800	0	703,508
Business	231,696	0	0	0	0	231,696
Operations and Maintenance	2,595,880	0	0	0	0	2,595,880
Pupil Transportation	1,675,939	0	0	0	24,684	1,700,623
Central	1,140,966	0	338,296	0	103,029	1,582,291
Operation of Non-Instructional Services	0	0	0	0	1,894,853	1,894,853
Extracurricular Activities	569,782	0	0	0	37,700	607,482
Capital Outlay	8,551	0	0	19,162,249	647,935	19,818,735
Debt Service:						
Principal Retirement	46,500	700,000	243,000	0	0	989,500
Interest and Fiscal Charges	4,257	1,609,113	340,427	0	0	1,953,797
Total Expenditures	29,084,669	2,339,329	931,894	19,164,049	8,722,320	60,242,261
Excess of Revenues Over (Under) Expenditures	1,788,973	197,887	(128,375)	(18,707,891)	904,076	(15,945,330)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	549	0	0	0	0	549
Transfers In	0	0	0	195,000	125,277	320,277
Transfers (Out)	(125,277)	0	(195,000)	0	0	(320,277)
Total Other Financing Sources (Uses)	(124,728)	0	(195,000)	195,000	125,277	549
Net Change in Fund Balance	1,664,245	197,887	(323,375)	(18,512,891)	1,029,353	(15,944,781)
Fund Balance (Deficit) Beginning of Year - Restated	4,987,174	695,279	1,003,710	30,857,005	(362,131)	37,181,037
Fund Balance End of Year	\$6,651,419	\$893,166	\$680,335	\$12,344,114	\$667,222	\$21,236,256

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2005

Net Change in Fund Balance - Total Governmental Funds (\$15,944,781)

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	19,811,244	
Depreciation Expense	<u>(713,439)</u>	19,097,805

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (83,770)

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

Delinquent Property Taxes	(1,017,598)	
Intergovernmental	<u>(518,751)</u>	(1,536,349)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 989,500

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 6,373

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	<u>63,402</u>	63,402
----------------------	---------------	--------

The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 192,039

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (80,238)

Change in Net Assets of Governmental Activities \$2,703,981

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Net Assets
Proprietary Fund
June 30, 2005

	<u>Governmental Activities- Internal Service Fund</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$164,231</u>
Total Assets	<u>164,231</u>
Liabilities:	
Current Liabilities:	
Claims Payable	<u>134,705</u>
Total Liabilities	<u>134,705</u>
Net Assets:	
Unrestricted	<u>29,526</u>
Total Net Assets	<u>\$29,526</u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Fund</u>
Operating Revenues:	
Charges for Services	<u>\$2,772,451</u>
Total Operating Revenues	<u>2,772,451</u>
Operating Expenses:	
Contactual Services	2,559,792
Other Expenses	<u>21,619</u>
Total Operating Expenses	<u>2,581,411</u>
Operating Income (Loss)	<u>191,040</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>999</u>
Total Non-Operating Revenues (Expenses)	<u>999</u>
Change in Net Assets	192,039
Net Assets Beginning of Year	<u>(162,513)</u>
Net Assets End of Year	<u><u>\$29,526</u></u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$2,772,451
Cash Payments to Suppliers	(21,619)
Cash Payments for Claims	<u>(2,591,944)</u>
Net Cash Provided (Used) by Operating Activities	<u>158,888</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>999</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>999</u>
Net Increase (Decrease) in Cash and Cash Equivalents	159,887
Cash and Cash Equivalents Beginning of Year	<u>4,344</u>
Cash and Cash Equivalents End of Year	<u><u>164,231</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	191,040
Changes in Assets & Liabilities:	
Increase (Decrease) in Accrued Liabilities	<u>(32,152)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$158,888</u></u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$72,372	\$22,924
Total Assets	<u>72,372</u>	<u>\$22,924</u>
Liabilities:		
Other Liabilities	0	22,924
Total Liabilities	<u>0</u>	<u>\$22,924</u>
Net Assets:		
Held in Trust	<u>72,372</u>	
Total Net Assets	<u>\$72,372</u>	

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2005

	Private Purpose Trust
Additions:	
Investment Earnings	\$2,281
Other	206
Total Additions	<u>2,487</u>
Deductions:	
Other	<u>6,109</u>
Total Deductions	<u>6,109</u>
Change in Net Assets	(3,622)
Net Assets Beginning of Year	<u>75,994</u>
Net Assets End of Year	<u><u>\$72,372</u></u>

See accompanying notes to the basic financial statements.

TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

1. DESCRIPTION OF THE DISTRICT

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

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

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

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

FUND ACCOUNTING

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

Governmental Funds

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

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

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

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

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

Proprietary Fund

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

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

Fiduciary Funds

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

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

CASH AND CASH EQUIVALENTS

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005. The District also has invested in U.S. Agencies.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005 amounted to \$165,963, which includes \$31,533 assigned from other District funds.

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

INVENTORY

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

CAPITAL ASSETS

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

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

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

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

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

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

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

NET ASSETS

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

OPERATING REVENUES AND EXPENSES

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

INTERFUND ACTIVITY

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenue/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables" and "due to/due from". These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

FUND EQUITY

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

ESTIMATES

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

EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

RESTRICTED ASSETS

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

4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.

- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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

Cash with Fiscal Agents

The District's cash with fiscal agents consists of the following: on deposit with National City Bank for its capital lease regarding the construction of a new District building and amounts held in escrow for contractors for which the District has held retainage. The total amounts held by fiscal agents at June 30, 2005 was \$5,945,910.

Deposits

At June 30, 2005, the carrying amount of all District deposits was \$6,144,559, exclusive of the \$642,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2005, \$7,409,989 of the District's bank balance of \$7,609,989 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

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

Investments

As of June 30, 2005, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Federal Agency Notes	\$4,872,490	0.84
Money Market Accounts	9,074,941	0.00
Repurchase Agreement	642,000	0.00
STAR Ohio	<u>4,116,669</u>	0.00
Total Fair Value	<u>\$18,706,100</u>	
Portfolio Weighted Average Maturity		0.22

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

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

Concentration of credit risk – The District's investment policy requires investments to be diversified to reduce the risk of loss. The District's policy allows investments in Federal Agencies or Instrumentalities. The District has invested more than 26 percent of the District's investments in the Federal Home Loan Bank (15%), the Federal Home Loan Mortgage (7%), and the Federal National Mortgage Association (4%).

5. PROPERTY TAXES

Real property taxes collected in 2005 were levied in April on the assessed values as of January 1, 2004, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2005, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2005, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2005. Delinquent property taxes collected within 60 days of the fiscal year end are included as a receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2005 are recognized as a revenue and receivable on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2005, was \$885,030 for General Fund, \$211,746 for Debt Service and \$61,713 for Capital Projects, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2005 operations.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	<u>2004 Second Half Collections</u>	<u>2005 First Half Collections</u>
Agricultural/Residential and Other Real Estate	\$182,251,830	\$183,683,860
Public Utility Personal	10,646,480	10,647,830
Tangible Personal Property	20,422,178	19,182,894
Commercial/Industrial	<u>68,946,550</u>	<u>67,820,050</u>
Total	<u>\$282,267,038</u>	<u>\$281,334,634</u>
Tax Rate (Full) per \$1,000 of assessed valuation	\$60.85	\$60.70
Residential/Agricultural	47.21	47.11
Commercial/Industrial	51.51	51.72

6. RECEIVABLES

Receivables at June 30, 2005, consisted of taxes, accounts (rent and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$1,156,779	\$0	\$0	\$1,156,779
Construction in Progress	14,353,712	19,162,249	0	33,515,961
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	13,151,275	0	0	13,151,275
Equipment	<u>8,354,635</u>	<u>648,995</u>	<u>622,328</u>	<u>8,381,302</u>
Totals at Historical Cost	<u>37,016,401</u>	<u>19,811,244</u>	<u>622,328</u>	<u>56,205,317</u>
Less Accumulated Depreciation:				
Buildings and Improvements	11,686,097	172,756	0	11,858,853
Equipment	<u>5,741,245</u>	<u>540,683</u>	<u>538,558</u>	<u>5,743,370</u>
Total Accumulated Depreciation	<u>17,427,342</u>	<u>713,439</u>	<u>538,558</u>	<u>17,602,223</u>
Governmental Activities Capital Assets, Net	<u>\$19,589,059</u>			<u>\$38,603,094</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$378,510
Special	27,989
Other	17,142
Support Services:	
Pupil	525
Instructional Staff	6,434
General Administration	2,527
School Administration	9,098
Fiscal	820
Business	2,072
Operations and Maintenance	4,721
Pupil Transportation	47,998
Central	185,456
Extracurricular Activities	27,515
Operation of Non-instructional Services	<u>2,632</u>
Total Depreciation Expense	<u>\$713,439</u>

8. CAPITALIZED LEASES

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

At fiscal year end, the project was underway. The District began making payments in fiscal year 2004. The principal amount owed on the lease at year-end is \$10,046,000.

The following is a schedule of the future long term minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2005:

2006	\$562,102
2007	601,395
2008	665,677
2009	665,715
2010	665,295
2011-2015	3,327,043
2016-2020	3,326,529
2021-2025	3,326,644
2026-2030	3,326,822
2031-2032	<u>1,330,962</u>
Total	17,798,184
Less: amounts representing interest	<u>(7,752,184)</u>
Present Value of Future Minimum Lease Payments	<u>\$10,046,000</u>

9. LONG-TERM LIABILITIES

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>
2001 Tax anticipation Notes Payable	4.60%	3/1/01	12/1/05	\$400,000	\$0	\$195,000	\$205,000

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>								
1996 Energy Conservation Notes Payable	5.63%	7/1/96	7/1/06	\$96,875	\$0	\$46,500	\$50,375	\$46,500
1999 Energy Conservation Notes Payable	5.20%	7/1/99	6/1/09	340,000	0	60,000	280,000	65,000
1999 School Bus Notes Payable	5.15%	6/1/99	4/15/05	100,000	0	100,000	0	0
2003 Current Interest Bonds - School Improvement	4.97%	11/21/02	12/1/30	34,025,000	0	700,000	33,325,000	735,000
2003 Capital Appreciation Bonds - School Improvement	4.97%	11/21/02	12/1/30	<u>455,952</u>	<u>80,238</u>	<u>0</u>	<u>536,190</u>	<u>0</u>
Total Notes and Bonds Payable				35,017,827	80,238	906,500	34,191,565	846,500
Capital Leases				10,129,000	0	83,000	10,046,000	103,000
Compensated Absences				<u>1,244,197</u>	<u>263,896</u>	<u>347,341</u>	<u>1,160,752</u>	<u>260,017</u>
Total Governmental Activities Long-Term Liabilities				<u>\$46,391,024</u>	<u>\$344,134</u>	<u>\$1,336,841</u>	<u>\$45,398,317</u>	<u>\$1,209,517</u>

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

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

This issue is comprised of both current interest bonds, par value \$34,645,000, and capital appreciation bonds, par value \$355,000. The interest rates on the current interest bonds range from 1.65% to 5.00%. The capital appreciation bonds mature on December 1, 2012 (effective interest 17.32%), December 1, 2013 (effective interest 16.73%) and December 1, 2014 (effective interest 16.67%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2005 was \$536,190. A total of \$80,238 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2005.

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

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

Fiscal Year Ending June 30,	<u>Current Interest Bonds and Notes</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$846,500	\$1,612,704	\$2,459,204	\$0	\$0	\$0
2007	353,875	1,596,386	1,950,261	0	0	0
2008	435,000	1,583,379	2,018,379	0	0	0
2009	470,000	1,567,774	2,037,774	0	0	0
2010	535,000	1,548,774	2,083,774	0	0	0
2011-2015	1,190,000	7,531,682	8,721,682	2,125,000	0	2,125,000
2016-2020	5,430,000	6,842,409	12,272,409	0	0	0
2021-2025	8,445,000	5,126,952	13,571,952	0	0	0
2026-2030	12,835,000	2,489,375	15,324,375	0	0	0
2031	<u>3,115,000</u>	<u>77,875</u>	<u>3,192,875</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$33,655,375</u>	<u>\$29,977,310</u>	<u>\$63,632,685</u>	<u>\$2,125,000</u>	<u>\$0</u>	<u>\$2,125,000</u>

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$762,831, \$741,396, and \$718,956 respectively; 43% has been contributed for fiscal year 2005 and 100% for fiscal year 2004 and 2003.

STATE TEACHERS RETIREMENT SYSTEM

The District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,788,274, \$1,804,080, and \$1,894,560 respectively; 81% has been contributed for fiscal year 2005 and 100% for fiscal year 2004 and 2003.

11. POST EMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$127,734 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

12. CONTINGENT LIABILITIES

GRANTS

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2005.

LITIGATION

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

13. RISK MANAGEMENT

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

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

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

The claims liability of \$134,705 reported in the fund at June 30, 2005, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, as amended by GASB Statement No. 30, "Risk Financing Omnibus" which requires that a liability for claims be reported if information prior to issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the fund's claims liability amount in fiscal years 2003, 2004, and 2005 were as follows:

	Balance at July 1	Current Year Claims	Claim Payments	Balance at June 30
2002/2003	\$193,317	\$2,745,240	\$2,547,486	\$391,071
2003/2004	391,071	2,851,784	3,075,998	166,857
2004/2005	166,857	2,559,792	2,591,944	134,705

14. STATE SCHOOL FUNDING DECISION

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

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

15. JOINTLY GOVERNED ORGANIZATIONS

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

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

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

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

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

16. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2005, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
High School and Various Improvements	<u>\$13,044,233</u>

17. COMPLIANCE AND ACCOUNTABILITY

A. The following funds had appropriations that exceed the total estimated resources in noncompliance with Ohio Revised Code Section 5705.35:

General	\$22,227,900
Food Service	1,603,914
Public School Fund	10,190
Other Grants Fund	40,000
Extracurricular Activity Fund	110,496
Auxiliary Services	164,810
Management Information System	13,000
Entry Year Program	9,899
Data Communication	21,000
Ohio Reads	5,683
Summer Intervention	5,728
Alternate Schools	15,543
Miscellaneous State Grants	2,215
IDEA – Part B	168,551
Title I	274,260
Title V	21,893
IDEA – Preschool Grant	3,514
Improving Teacher Quality	217,297
Bond Retirement	449,356
Classroom Facilities	2,593,168
Employee Benefits Self Insurance	3,692,354

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

Disadvantaged Pupil Impact Aid	\$187,825
Ohio Reads	2,574
Title VIB/Preschool	89,894
Title VI-R	3,335
Goals 2000	179,735
Food Service	177,653

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

18. FUND BALANCE RESERVES FOR SET-ASIDES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	Restated Capital <u>Acquisition</u>	BWC <u>Refunds</u>
Set-aside Reserve Balance as of June 30, 2004	(\$744,743)	(\$44,774,000)	\$81,076
Current Year Set-aside Requirement	495,794	495,794	0
Qualified Disbursements	(967,722)	(903,825)	0
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2005	<u>(\$1,216,671)</u>	<u>(\$45,182,031)</u>	<u>\$81,076</u>
Restricted Cash as of June 30, 2005			<u>\$81,076</u>
Carry Forward to FY 2006	<u>(\$1,216,671)</u>	<u>(\$44,774,000)</u>	

The District had qualifying disbursements for textbooks of \$967,722 that exceeded the required set-aside, resulting in a carry forward balance of \$1,216,671 that can be used against future year textbook set-asides. The District issued \$44,774,000 in bonds and loans in fiscal year 2002 to provide for the construction of a new school building. This amount is an allowable offset to future years for the capital improvement and maintenance set-aside. Thus, the balance at June 30, 2005 has been restated to reflect the offset. The District had qualifying disbursements and offset carry forwards from prior years for capital acquisitions that exceeded the required set-aside. Offsets can be carried forward to use against future year capital acquisition set-asides.

19. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2005, consisted of the following individual fund receivables and payables:

	<u>Due To</u>	<u>Due From</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$160,567	\$0	\$376,914	\$0	\$0	\$125,277
Permanent Improvement	4,829,896	0	0	0	0	195,000
Permanent Improvement Renewal	0	4,839,896	0	0	195,000	0
Other Governmental Funds	<u>0</u>	<u>160,567</u>	<u>8,649</u>	<u>385,563</u>	<u>125,277</u>	<u>0</u>
Total all funds	<u>\$4,990,463</u>	<u>\$4,990,463</u>	<u>\$385,563</u>	<u>\$385,563</u>	<u>\$320,277</u>	<u>\$320,277</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

20. CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB 40 establishes and modifies disclosure requirements related to investment risk: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments.

For fiscal year 2005, the District has implemented GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers." This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment (OPEB) plans.

The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and nonmajor funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Nonmajor</u>
Fund Balances, June 30, 2004	\$5,192,932	(\$323,841)
GASB Technical Bulletin No. 2004-2	<u>(205,758)</u>	<u>(38,290)</u>
Restated Fund Balance, June 30, 2004	<u>\$4,987,174</u>	<u>(\$362,131)</u>

21. SUBSEQUENT EVENT

The 2001 Tax Anticipation Note was paid off on November 10, 2005.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,778,371	\$1,780,124	\$9,782,376	\$8,002,252
Tuition and Fees	91,551	91,641	503,600	411,959
Investment Earnings	30,171	30,201	165,963	135,762
Intergovernmental	3,574,355	3,577,877	19,661,631	16,083,754
Other Revenues	114,755	114,868	631,239	516,371
Total Revenues	5,589,203	5,594,711	30,744,809	25,150,098
Expenditures:				
Current:				
Instruction:				
Regular	11,026,444	11,035,692	10,435,691	600,001
Special	7,545,441	7,551,769	7,141,186	410,583
Vocational	9,689	9,697	9,170	527
Other	54,607	54,652	51,681	2,971
Support Services:				
Pupil	961,218	962,024	909,720	52,304
Instructional Staff	1,495,242	1,496,496	1,415,133	81,363
General Administration	40,372	40,406	38,209	2,197
School Administration	2,275,550	2,277,458	2,153,635	123,823
Fiscal	699,450	700,036	661,976	38,060
Business	245,154	245,360	232,020	13,340
Operations and Maintenance	2,844,512	2,846,897	2,692,114	154,783
Pupil Transportation	1,780,305	1,781,798	1,684,923	96,875
Central	1,215,147	1,216,166	1,150,044	66,122
Extracurricular Activities	600,387	600,891	568,221	32,670
Capital Outlay	152,565	152,693	144,391	8,302
Debt Service:				
Principal Retirement	46,500	46,500	46,500	0
Interest and Fiscal Charges	7,130	7,175	4,257	2,918
Total Expenditures	30,999,713	31,025,710	29,338,871	1,686,839
Excess of Revenues Over (Under) Expenditures	(25,410,510)	(25,430,999)	1,405,938	26,836,937
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	100	100	549	449
Advances In	159,571	159,729	877,762	718,033
Advances (Out)	(394,666)	(394,997)	(373,521)	21,476
Transfers In	441,290	441,725	2,427,427	1,985,702
Transfers (Out)	(2,697,209)	(2,699,471)	(2,552,703)	146,768
Total Other Financing Sources (Uses)	(2,490,914)	(2,492,914)	379,514	2,872,428
Net Change in Fund Balance	(27,901,424)	(27,923,913)	1,785,452	29,709,365
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,721,302	5,721,302	5,721,302	0
Fund Balance End of Year	(\$22,180,122)	(\$22,202,611)	\$7,506,754	\$29,709,365

* Restated

See accompanying notes to the required supplementary information.

TROTWOOD-MADISON CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2005

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2005.

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,664,245
Net Adjustment for Revenue Accruals	3,176,356
Net Adjustment for Expenditure Accruals	(2,780,798)
Encumbrances	<u>(274,351)</u>
Budget Basis	<u>\$1,785,452</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

TWILIGHT SCHOOLS: To account for twilight schools grant funds.

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUND: The Debt Service Fund is used for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

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

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

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

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$324,545	\$1,201,258	\$1,525,803
Receivables:			
Intergovernmental	1,189,101	13,466	1,202,567
Interfund	30	8,619	8,649
Inventory	36,985	0	36,985
Total Assets	1,711,228	1,223,343	2,934,571
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	53,920	94,124	148,044
Accrued Wages and Benefits	531,175	0	531,175
Interfund Payable	339,646	45,917	385,563
Deferred Revenue	1,189,101	13,466	1,202,567
Total Liabilities	2,113,842	153,507	2,267,349
Fund Balances:			
Reserved for Encumbrances	112,727	1,756,478	1,869,205
Reserved for Inventory	36,985	0	36,985
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	(552,326)	0	(552,326)
Capital Projects Funds	0	(686,642)	(686,642)
Total Fund Balances	(402,614)	1,069,836	667,222
Total Liabilities and Fund Balances	\$1,711,228	\$1,223,343	\$2,934,571

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Tuition and Fees	\$41,851	\$0	\$41,851
Investment Earnings	0	3,684	3,684
Intergovernmental	7,240,731	1,723,553	8,964,284
Extracurricular Activities	133,818	0	133,818
Other Revenues	482,759	0	482,759
Total Revenues	7,899,159	1,727,237	9,626,396
Expenditures:			
Current:			
Instruction:			
Regular	1,989,481	0	1,989,481
Special	1,448,992	0	1,448,992
Support Services:			
Other	21,978	0	21,978
Pupil	862,591	0	862,591
Instructional Staff	1,162,360	0	1,162,360
School Administration	528,717	0	528,717
Pupil Transportation	24,684	0	24,684
Central	88,374	14,655	103,029
Operation of Non-Instructional Services	1,894,853	0	1,894,853
Extracurricular Activities	37,700	0	37,700
Capital Outlay	0	647,935	647,935
Total Expenditures	8,059,730	662,590	8,722,320
Excess of Revenues Over (Under) Expenditures	(160,571)	1,064,647	904,076
Other Financing Sources (Uses):			
Transfers In	125,277	0	125,277
Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	125,277	0	125,277
Net Change in Fund Balance	(35,294)	1,064,647	1,029,353
Fund Balance (Deficit) Beginning of Year - Restated	(367,320)	5,189	(362,131)
Fund Balance End of Year	(\$402,614)	\$1,069,836	\$667,222

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Public School	Other Grants	Extracurricular Activity	Auxiliary Services	Career Development
Assets:					
Equity in Pooled Cash and Investments	\$29,014	\$41,946	\$28,571	\$19,183	\$0
Receivables:					
Intergovernmental	0	0	0	0	0
Interfund	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	29,014	41,946	28,571	19,183	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	3,240	0	0	0
Accrued Wages and Benefits	0	0	0	16,984	0
Interfund Payable	0	421	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	0	3,661	0	16,984	0
Fund Balances:					
Reserved for Encumbrances	63	0	806	14,150	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	28,951	38,285	27,765	(11,951)	0
Total Fund Balances	29,014	38,285	28,571	2,199	0
Total Liabilities and Fund Balances	\$29,014	\$41,946	\$28,571	\$19,183	\$0

Management Information	Entry Year Programs	Disadvantaged Pupil Impact Aid	Data Communications	School Net Professional Development	Ohio Reads	Summer School Subsidy	Twilight Schools
\$16	\$7	\$2,215	\$0	\$1,861	\$0	\$28,510	\$0
2,735	0	0	0	0	6,476	57,270	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>2,751</u>	<u>7</u>	<u>2,215</u>	<u>0</u>	<u>1,861</u>	<u>6,476</u>	<u>85,780</u>	<u>0</u>
0	0	0	0	0	0	0	0
0	0	190,040	0	0	0	0	0
0	0	0	0	0	2,574	15,000	0
2,735	0	0	0	0	6,476	57,270	0
<u>2,735</u>	<u>0</u>	<u>190,040</u>	<u>0</u>	<u>0</u>	<u>9,050</u>	<u>72,270</u>	<u>0</u>
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
16	7	(187,825)	0	1,861	(2,574)	13,510	0
16	7	(187,825)	0	1,861	(2,574)	13,510	0
<u>\$2,751</u>	<u>\$7</u>	<u>\$2,215</u>	<u>\$0</u>	<u>\$1,861</u>	<u>\$6,476</u>	<u>\$85,780</u>	<u>\$0</u>

Continued

Trotwood-Madison City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Reading Improvement Grant	Title VIB / Preschool	Title I	Title V	Drug-Free Schools
Assets:					
Equity in Pooled Cash and Investments	\$1,456	\$1	\$28,099	\$1,551	\$350
Receivables:					
Intergovernmental	0	241,744	333,886	4,479	1,549
Interfund	0	0	0	30	0
Inventory	0	0	0	0	0
Total Assets	1,456	241,745	522,552	6,060	1,899
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	40,431	115,058	0	0
Interfund Payable	0	49,464	0	0	0
Deferred Revenue	0	241,744	333,886	4,479	1,549
Total Liabilities	0	331,639	448,944	4,479	1,549
Fund Balances:					
Reserved for Encumbrances	0	0	13,294	0	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,456	(89,894)	60,314	1,581	350
Total Fund Balances	1,456	(89,894)	73,608	1,581	350
Total Liabilities and Fund Balances	\$1,456	\$241,745	\$522,552	\$6,060	\$1,899

EHA Pre-School Grant	Title VI-R	Goals 2000	Food Service	Uniform School Supply	Total Nonmajor Special Revenue Funds
\$387	\$5,837	\$57,114	\$30,870	\$47,557	\$324,545
1,105	141,091	256,705	142,061	0	1,189,101
0	0	0	0	0	30
0	0	0	36,985	0	36,985
<u>1,492</u>	<u>146,928</u>	<u>313,819</u>	<u>209,916</u>	<u>47,557</u>	<u>1,711,228</u>
0	0	48,107	2,573	0	53,920
0	9,172	116,555	42,935	0	531,175
0	0	72,187	200,000	0	339,646
1,105	141,091	256,705	142,061	0	1,189,101
<u>1,105</u>	<u>150,263</u>	<u>493,554</u>	<u>387,569</u>	<u>0</u>	<u>2,113,842</u>
0	32,852	13,889	37,563	110	112,727
0	0	0	36,985	0	36,985
387	(36,187)	(193,624)	(252,201)	47,447	(552,326)
387	(3,335)	(179,735)	(177,653)	47,557	(402,614)
<u>\$1,492</u>	<u>\$146,928</u>	<u>\$313,819</u>	<u>\$209,916</u>	<u>\$47,557</u>	<u>\$1,711,228</u>

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Public School	Other Grants	Extracurricular Activity	Auxiliary Services	Career Development
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	0	0	0	164,332	0
Extracurricular Activities	26,501	0	107,317	0	0
Other Revenues	0	40,000	0	757	0
Total Revenues	26,501	40,000	107,317	165,089	0
Expenditures:					
Current:					
Instruction:					
Regular	0	3,493	0	0	500
Special	0	0	0	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	0	6,295	0	0	0
Instructional Staff	0	7,120	0	0	0
School Administration	0	0	107,897	5,939	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	152,356	0
Extracurricular Activities	27,596	0	10,104	0	0
Total Expenditures	27,596	16,908	118,001	158,295	500
Excess of Revenues Over (Under) Expenditures	(1,095)	23,092	(10,684)	6,794	(500)
Other Financing Sources (Uses):					
Transfers In	0	0	20,250	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	20,250	0	0
Net Change in Fund Balance	(1,095)	23,092	9,566	6,794	(500)
Fund Balance (Deficit) Beginning of Year - Restated	30,109	15,193	19,005	(4,595)	500
Fund Balance End of Year	\$29,014	\$38,285	\$28,571	\$2,199	\$0

Management Information	Entry Year Programs	Disadvantaged Pupil Impact Aid	Data Communications	School Net Professional Development	Ohio Reads	Summer School Subsidy	Twilight Schools
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
10,265	9,900	1,957,049	21,000	0	20,524	77,617	35,819
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
10,265	9,900	1,957,049	21,000	0	20,524	77,617	35,819
0	0	871,644	0	0	38,268	19,733	16,890
0	0	464,438	0	0	0	0	0
0	0	0	0	0	0	21,978	0
0	0	235,720	0	0	2,312	0	0
0	10,354	260,532	0	0	2,000	311	0
0	0	145,880	0	0	3,000	0	0
0	0	0	0	0	0	20,046	0
11,805	0	0	21,000	3,599	0	0	3,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
11,805	10,354	1,978,214	21,000	3,599	45,580	62,068	19,890
(1,540)	(454)	(21,165)	0	(3,599)	(25,056)	15,549	15,929
0	0	0	0	0	0	0	15,345
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	15,345
(1,540)	(454)	(21,165)	0	(3,599)	(25,056)	15,549	31,274
1,556	461	(166,660)	0	5,460	22,482	(2,039)	(31,274)
\$16	\$7	(\$187,825)	\$0	\$1,861	(\$2,574)	\$13,510	\$0

Continued

Trotwood-Madison City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Reading Improvement Grant	Title VIB / Preschool	Title I	Title V	Drug-Free Schools
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	3,672	573,479	1,587,913	43,921	30,564
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	3,672	573,479	1,587,913	43,921	30,564
Expenditures:					
Current:					
Instruction:					
Regular	460	0	466	3,424	0
Special	0	0	984,554	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	3,826	532,151	618	13,556	29,523
Instructional Staff	0	0	205,911	25,636	0
School Administration	0	139,453	62,290	967	691
Pupil Transportation	0	0	4,638	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	56,255	5,149	1,858	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	4,286	727,859	1,263,626	45,441	30,214
Excess of Revenues Over (Under) Expenditures	(614)	(154,380)	324,287	(1,520)	350
Other Financing Sources (Uses):					
Transfers In	0	17,237	53,590	1,729	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	17,237	53,590	1,729	0
Net Change in Fund Balance	(614)	(137,143)	377,877	209	350
Fund Balance (Deficit) Beginning of Year - Restated	2,070	47,249	(304,269)	1,372	0
Fund Balance End of Year	\$1,456	(\$89,894)	\$73,608	\$1,581	\$350

EHA Pre-School Grant	Title VI-R	Goals 2000	Food Service	Uniform School Supply	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$41,851	\$41,851
0	0	0	0	0	0
8,726	286,712	1,379,263	1,029,975	0	7,240,731
0	0	0	0	0	133,818
0	0	0	442,002	0	482,759
<u>8,726</u>	<u>286,712</u>	<u>1,379,263</u>	<u>1,471,977</u>	<u>41,851</u>	<u>7,899,159</u>
0	253,673	780,930	0	0	1,989,481
0	0	0	0	0	1,448,992
0	0	0	0	0	21,978
8,650	0	29,940	0	0	862,591
0	0	650,496	0	0	1,162,360
0	14,315	48,285	0	0	528,717
0	0	0	0	0	24,684
0	10,000	38,970	0	0	88,374
0	0	1,191	1,639,923	38,121	1,894,853
0	0	0	0	0	37,700
<u>8,650</u>	<u>277,988</u>	<u>1,549,812</u>	<u>1,639,923</u>	<u>38,121</u>	<u>8,059,730</u>
76	8,724	(170,549)	(167,946)	3,730	(160,571)
2,055	10,145	4,926	0	0	125,277
0	0	0	0	0	0
<u>2,055</u>	<u>10,145</u>	<u>4,926</u>	<u>0</u>	<u>0</u>	<u>125,277</u>
2,131	18,869	(165,623)	(167,946)	3,730	(35,294)
(1,744)	(22,204)	(14,112)	(9,707)	43,827	(367,320)
<u>\$387</u>	<u>(\$3,335)</u>	<u>(\$179,735)</u>	<u>(\$177,653)</u>	<u>\$47,557</u>	<u>(\$402,614)</u>

Trotwood-Madison City School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2005

	Classroom Facilities ADA	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,201,258	\$0	\$1,201,258
Receivables:			
Intergovernmental	0	13,466	13,466
Interfund	0	8,619	8,619
Total Assets	1,201,258	22,085	1,223,343
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	94,124	0	94,124
Interfund Payable	45,917	0	45,917
Deferred Revenue	0	13,466	13,466
Total Liabilities	140,041	13,466	153,507
Fund Balances:			
Reserved for Encumbrances	1,756,478	0	1,756,478
Unreserved, Undesignated, Reported in: Capital Projects Funds	(695,261)	8,619	(686,642)
Total Fund Balances	1,061,217	8,619	1,069,836
Total Liabilities and Fund Balances	\$1,201,258	\$22,085	\$1,223,343

Trotwood-Madison City School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2005

	Classroom Facilities ADA	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Revenues:			
Investment Earnings	\$3,684	\$0	\$3,684
Intergovernmental	1,723,553	0	1,723,553
Total Revenues	1,727,237	0	1,727,237
Expenditures:			
Current:			
Support Services:			
Central	0	13,465	14,655
Capital Outlay	647,935	0	647,935
Total Expenditures	647,935	13,465	662,590
Net Change in Fund Balance	1,079,302	(13,465)	1,064,647
Fund Balance (Deficit) Beginning of Year - Restated	(18,085)	22,084	5,189
Fund Balance End of Year	\$1,061,217	\$8,619	\$1,069,836

Trotwood-Madison City School District
 Statement of Changes In Assets and Liabilities
 Agency Fund
 For the Fiscal Year Ended June 30, 2005

	Student Managed Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$18,039	\$6,600	\$1,715	\$22,924
Total Assets	18,039	6,600	1,715	22,924
Liabilities:				
Accounts Payable	1,715	0	1,715	0
Other Liabilities	16,324	6,600	0	22,924
Total Liabilities	\$18,039	\$6,600	\$1,715	\$22,924

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Public School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$0	\$0	\$26,500	\$26,500
Total Revenues	0	0	26,500	26,500
Expenditures:				
Current:				
Extracurricular Activities	95,000	40,300	27,659	12,641
Total Expenditures	95,000	40,300	27,659	12,641
Net Change in Fund Balance	(95,000)	(40,300)	(1,159)	39,141
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,110	30,110	30,110	0
Fund Balance End of Year	(\$64,890)	(\$10,190)	\$28,951	\$39,141

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Other Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$40,000	\$40,000
Total Revenues	0	0	40,000	40,000
Expenditures:				
Current:				
Instruction:				
Regular	0	14,215	3,494	10,721
Support Services:				
Pupil	0	25,615	6,296	19,319
Instructional Staff	0	15,785	3,880	11,905
Total Expenditures	0	55,615	13,670	41,945
Net Change in Fund Balance	0	(55,615)	26,330	81,945
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,615	15,615	15,615	0
Fund Balance End of Year	\$15,615	(\$40,000)	\$41,945	\$81,945

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Extracurricular Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$0	\$0	\$107,317	\$107,317
Total Revenues	<u>0</u>	<u>0</u>	<u>107,317</u>	<u>107,317</u>
Expenditures:				
Current:				
Support Services:				
School Administration	118,943	118,486	108,703	9,783
Extracurricular Activities	11,057	11,014	10,105	909
Total Expenditures	<u>130,000</u>	<u>129,500</u>	<u>118,808</u>	<u>10,692</u>
Excess of Revenues Over (Under) Expenditures	<u>(130,000)</u>	<u>(129,500)</u>	<u>(11,491)</u>	<u>118,009</u>
Other financing sources (uses):				
Transfers In	0	0	20,250	20,250
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>20,250</u>	<u>20,250</u>
Net Change in Fund Balance	(130,000)	(129,500)	8,759	138,259
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>19,004</u>	<u>19,004</u>	<u>19,004</u>	<u>0</u>
Fund Balance End of Year	<u>(\$110,996)</u>	<u>(\$110,496)</u>	<u>\$27,763</u>	<u>\$138,259</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$164,332	\$164,332
Other Revenues	0	0	757	757
Total Revenues	0	0	165,089	165,089
Expenditures:				
Current:				
Support Services:				
School Administration	5,393	6,104	5,939	165
Operations and Maintenance	149,902	169,680	165,093	4,587
Total Expenditures	155,295	175,784	171,032	4,752
Net Change in Fund Balance	(155,295)	(175,784)	(5,943)	169,841
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,974	10,974	10,974	0
Fund Balance End of Year	(\$144,321)	(\$164,810)	\$5,031	\$169,841

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Career Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	500	500	0
Total Expenditures	0	500	500	0
Net Change in Fund Balance	0	(500)	(500)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	500	500	500	0
Fund Balance End of Year	\$500	\$0	\$0	\$0

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$10,265	\$10,265
Total Revenues	0	0	10,265	10,265
Expenditures:				
Current:				
Support Services:				
Central	14,160	14,556	11,805	2,751
Total Expenditures	14,160	14,556	11,805	2,751
Net Change in Fund Balance	(14,160)	(14,556)	(1,540)	13,016
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,556	1,556	1,556	0
Fund Balance End of Year	<u>(\$12,604)</u>	<u>(\$13,000)</u>	<u>\$16</u>	<u>\$13,016</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Entry Year Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$9,900	\$9,900
Total Revenues	0	0	9,900	9,900
Expenditures:				
Current:				
Support Services:				
Instructional Staff	14,000	10,361	10,354	7
Total Expenditures	14,000	10,361	10,354	7
Net Change in Fund Balance	(14,000)	(10,361)	(454)	9,907
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	462	462	462	0
Fund Balance End of Year	<u>(\$13,538)</u>	<u>(\$9,899)</u>	<u>\$8</u>	<u>\$9,907</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Disadvantaged Pupil Impact Aid Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$1,957,049	\$1,957,050	\$1
Total Revenues	0	1,957,049	1,957,050	1
Expenditures:				
Current:				
Instruction:				
Regular	0	880,237	879,256	981
Special	0	464,955	464,437	518
Support Services:				
Pupil	0	235,983	235,720	263
Instructional Staff	0	262,504	262,212	292
School Administration	0	147,096	146,933	163
Total Expenditures	0	1,990,775	1,988,558	2,217
Net Change in Fund Balance	0	(33,726)	(31,508)	2,218
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,726	33,726	33,726	0
Fund Balance End of Year	\$33,726	\$0	\$2,218	\$2,218

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Data Communications Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$21,000	\$21,000
Total Revenues	0	0	21,000	21,000
Expenditures:				
Current:				
Support Services:				
Central	0	21,000	21,000	0
Total Expenditures	0	21,000	21,000	0
Net Change in Fund Balance	0	(21,000)	0	21,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	(\$21,000)	\$0	\$21,000

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,140	\$4,140	\$0
Total Revenues	0	4,140	4,140	0
Expenditures:				
Current:				
Support Services:				
Central	6,390	5,461	3,599	1,862
Total Expenditures	6,390	5,461	3,599	1,862
Net Change in Fund Balance	(6,390)	(1,321)	541	1,862
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,321	1,321	1,321	0
Fund Balance End of Year	(\$5,069)	\$0	\$1,862	\$1,862

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$18,660	\$20,524	\$1,864
Total Revenues	0	18,660	20,524	1,864
Expenditures:				
Current:				
Instruction:				
Regular	17,631	41,278	38,268	3,010
Support Services:				
Pupil	1,065	2,494	2,312	182
Instructional Staff	921	2,157	2,000	157
School Administration	1,382	3,236	3,000	236
Total Expenditures	20,999	49,165	45,580	3,585
Excess of Revenues Over (Under) Expenditures	(20,999)	(30,505)	(25,056)	5,449
Other financing sources (uses):				
Advances In	0	2,340	2,574	234
Total Other Financing Sources (Uses)	0	2,340	2,574	234
Net Change in Fund Balance	(20,999)	(28,165)	(22,482)	5,683
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	22,482	22,482	22,482	0
Fund Balance End of Year	\$1,483	(\$5,683)	\$0	\$5,683

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Summer School Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$66,412	\$77,617	\$11,205
Total Revenues	0	66,412	77,617	11,205
Expenditures:				
Current:				
Instruction:				
Regular	14,172	23,464	19,733	3,731
Other	21,529	35,647	29,978	5,669
Support Services:				
Instructional Staff	223	370	311	59
Pupil Transportation	14,396	23,837	20,046	3,791
Total Expenditures	50,320	83,318	70,068	13,250
Excess of Revenues Over (Under) Expenditures	(50,320)	(16,906)	7,549	24,455
Other financing sources (uses):				
Advances In	0	12,834	15,000	2,166
Advances (Out)	(28,929)	(47,899)	(40,282)	7,617
Total Other Financing Sources (Uses)	(28,929)	(35,065)	(25,282)	9,783
Net Change in Fund Balance	(79,249)	(51,971)	(17,733)	34,238
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,243	46,243	46,243	0
Fund Balance End of Year	(\$33,006)	(\$5,728)	\$28,510	\$34,238

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Twilight Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$18,034	\$35,819	\$17,785
Total Revenues	<u>0</u>	<u>18,034</u>	<u>35,819</u>	<u>17,785</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,763	12,240	16,890	(4,650)
Support Services:				
Central	1,912	2,174	3,000	(826)
Total Expenditures	<u>12,675</u>	<u>14,414</u>	<u>19,890</u>	<u>(5,476)</u>
Excess of Revenues Over (Under) Expenditures	<u>(12,675)</u>	<u>3,620</u>	<u>15,929</u>	<u>12,309</u>
Other financing sources (uses):				
Advances (Out)	(10,150)	(11,544)	(15,929)	(4,385)
Transfers In	0	7,726	15,345	7,619
Total Other Financing Sources (Uses)	<u>(10,150)</u>	<u>(3,818)</u>	<u>(584)</u>	<u>3,234</u>
Net Change in Fund Balance	<u>(22,825)</u>	<u>(198)</u>	<u>15,345</u>	<u>15,543</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>(15,345)</u>	<u>(15,345)</u>	<u>(15,345)</u>	<u>0</u>
Fund Balance End of Year	<u><u>(\$38,170)</u></u>	<u><u>(\$15,543)</u></u>	<u><u>\$0</u></u>	<u><u>\$15,543</u></u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Reading Improvement Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$3,672	\$3,672
Total Revenues	0	0	3,672	3,672
Expenditures:				
Current:				
Instruction:				
Regular	0	460	460	0
Support Services:				
Pupil	0	3,826	3,826	0
Total Expenditures	0	4,286	4,286	0
Net Change in Fund Balance	0	(4,286)	(614)	3,672
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,071	2,071	2,071	0
Fund Balance End of Year	<u>\$2,071</u>	<u>(\$2,215)</u>	<u>\$1,457</u>	<u>\$3,672</u>

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

	Title VIB / Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$675,960	\$655,167	(\$20,793)
Other Revenues	0	70,445	68,278	(2,167)
Total Revenues	0	746,405	723,445	(22,960)
Expenditures:				
Current:				
Support Services:				
Pupil	612,121	658,204	527,518	130,686
School Administration	166,659	179,206	143,625	35,581
Operation of Non-Instructional Services	60,565	65,124	52,194	12,930
Total Expenditures	839,345	902,534	723,337	179,197
Excess of Revenues Over (Under) Expenditures	(839,345)	(156,129)	108	156,237
Other financing sources (uses):				
Advances In	0	51,034	49,464	(1,570)
Advances (Out)	(67,593)	(72,682)	(58,251)	14,431
Transfers In	0	17,784	17,237	(547)
Total Other Financing Sources (Uses)	(67,593)	(3,864)	8,450	12,314
Net Change in Fund Balance	(906,938)	(159,993)	8,558	168,551
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(8,558)	(8,558)	(8,558)	0
Fund Balance End of Year	(\$915,496)	(\$168,551)	\$0	\$168,551

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$1,192,249	\$1,425,631	\$233,382
Other Revenues	0	1,434	1,715	281
Total Revenues	0	1,193,683	1,427,346	233,663
Expenditures:				
Current:				
Instruction:				
Regular	427	479	466	13
Special	953,368	1,071,010	1,041,404	29,606
Support Services:				
Pupil	2,168	2,435	2,368	67
Instructional Staff	192,598	216,364	210,383	5,981
School Administration	57,024	64,061	62,290	1,771
Pupil Transportation	4,246	4,770	4,638	132
Operation of Non-Instructional Services	4,714	5,295	5,149	146
Total Expenditures	1,214,545	1,364,414	1,326,698	37,716
Excess of Revenues Over (Under) Expenditures	(1,214,545)	(170,731)	100,648	271,379
Other financing sources (uses):				
Advances (Out)	(272,763)	(306,421)	(297,951)	8,470
Transfers In	0	46,757	55,910	9,153
Transfers (Out)	(2,124)	(2,386)	(2,320)	66
Total Other Financing Sources (Uses)	(274,887)	(262,050)	(244,361)	17,689
Net Change in Fund Balance	(1,489,432)	(432,781)	(143,713)	289,068
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	158,521	158,521	158,521	0
Fund Balance End of Year	(\$1,330,911)	(\$274,260)	\$14,808	\$289,068

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

	Title V Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$18,946	\$54,873	\$35,927
Total Revenues	0	18,946	54,873	35,927
Expenditures:				
Current:				
Instruction:				
Regular	2,490	2,572	3,424	(852)
Support Services:				
Pupil	9,857	10,182	13,556	(3,374)
Instructional Staff	18,641	19,255	25,636	(6,381)
School Administration	703	726	967	(241)
Operation of Non-Instructional Services	1,351	1,396	1,858	(462)
Total Expenditures	33,042	34,131	45,441	(11,310)
Excess of Revenues Over (Under) Expenditures	(33,042)	(15,185)	9,432	24,617
Other financing sources (uses):				
Advances (Out)	(6,736)	(6,958)	(9,264)	(2,306)
Transfers In	0	597	1,728	1,131
Total Other Financing Sources (Uses)	(6,736)	(6,361)	(7,536)	(1,175)
Net Change in Fund Balance	(39,778)	(21,546)	1,896	23,442
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(347)	(347)	(347)	0
Fund Balance End of Year	(\$40,125)	(\$21,893)	\$1,549	\$23,442

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Drug-Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$32,114	\$30,564	(\$1,550)
Total Revenues	0	32,114	30,564	(1,550)
Expenditures:				
Current:				
Support Services:				
Pupil	31,380	31,380	29,523	1,857
School Administration	734	734	691	43
Total Expenditures	32,114	32,114	30,214	1,900
Net Change in Fund Balance	(32,114)	0	350	350
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$32,114)	\$0	\$350	\$350

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	EHA Pre-School Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,776	\$8,726	\$1,950
Total Revenues	0	6,776	8,726	1,950
Expenditures:				
Current:				
Support Services:				
Pupil	9,710	11,169	9,678	1,491
Total Expenditures	9,710	11,169	9,678	1,491
Excess of Revenues Over (Under) Expenditures	(9,710)	(4,393)	(952)	3,441
Other financing sources (uses):				
Transfers In	0	1,596	2,055	459
Total Other Financing Sources (Uses)	0	1,596	2,055	459
Net Change in Fund Balance	(9,710)	(2,797)	1,103	3,900
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(717)	(717)	(717)	0
Fund Balance End of Year	(\$10,427)	(\$3,514)	\$386	\$3,900

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$265,392	\$460,829	\$195,437
Total Revenues	0	265,392	460,829	195,437
Expenditures:				
Current:				
Instruction:				
Regular	250,740	310,839	324,511	(13,672)
Support Services:				
School Administration	11,061	13,712	14,315	(603)
Central	7,727	9,579	10,000	(421)
Total Expenditures	269,528	334,130	348,826	(14,696)
Excess of Revenues Over (Under) Expenditures	(269,528)	(68,738)	112,003	180,741
Other financing sources (uses):				
Advances In	0	19,751	34,296	14,545
Advances (Out)	(184,539)	(228,771)	(238,833)	(10,062)
Transfers In	0	6,982	12,123	5,141
Transfers (Out)	(1,528)	(1,895)	(1,978)	(83)
Total Other Financing Sources (Uses)	(186,067)	(203,933)	(194,392)	9,541
Net Change in Fund Balance	(455,595)	(272,671)	(82,389)	190,282
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	55,374	55,374	55,374	0
Fund Balance End of Year	(\$400,221)	(\$217,297)	(\$27,015)	\$190,282

Trotwood-Madison City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

	Goals 2000 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$1,521,471	\$1,401,689	(\$119,782)
Total Revenues	0	1,521,471	1,401,689	(119,782)
Expenditures:				
Current:				
Instruction:				
Regular	822,041	826,239	769,418	56,821
Support Services:				
Pupil	31,988	32,151	29,940	2,211
Instructional Staff	597,599	600,651	559,344	41,307
School Administration	51,586	51,850	48,284	3,566
Central	41,635	41,848	38,970	2,878
Operation of Non-Instructional Services	1,272	1,279	1,191	88
Total Expenditures	1,546,121	1,554,018	1,447,147	106,871
Excess of Revenues Over (Under) Expenditures	(1,546,121)	(32,547)	(45,458)	(12,911)
Other financing sources (uses):				
Advances In	0	78,356	72,187	(6,169)
Advances (Out)	(63,608)	(63,933)	(59,536)	4,397
Transfers In	0	7,580	6,983	(597)
Transfers (Out)	(2,198)	(2,209)	(2,057)	152
Total Other Financing Sources (Uses)	(65,806)	19,794	17,577	(2,217)
Net Change in Fund Balance	(1,611,927)	(12,753)	(27,881)	(15,128)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	22,999	22,999	22,999	0
Fund Balance End of Year	(\$1,588,928)	\$10,246	(\$4,882)	(\$15,128)

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$1,064,587	\$1,064,587
Charges for Services	0	0	442,002	442,002
Total Revenues	0	0	1,506,589	1,506,589
Expenditures:				
Current:				
Operation of Non-Instructional Services	1,367,192	1,503,911	1,605,945	(102,034)
Total Expenditures	1,367,192	1,503,911	1,605,945	(102,034)
Excess of Revenues Over (Under) Expenditures	(1,367,192)	(1,503,911)	(99,356)	1,404,555
Other financing sources (uses):				
Advances In	0	0	200,000	200,000
Advances (Out)	(132,808)	(146,089)	(156,000)	(9,911)
Total Other Financing Sources (Uses)	(132,808)	(146,089)	44,000	190,089
Net Change in Fund Balance	(1,500,000)	(1,650,000)	(55,356)	1,594,644
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,086	46,086	46,086	0
Fund Balance End of Year	(\$1,453,914)	(\$1,603,914)	(\$9,270)	\$1,594,644

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Uniform School Supply Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$0	\$0	\$41,851	\$41,851
Total Revenues	0	0	41,851	41,851
Expenditures:				
Current:				
Operation of Non-Instructional Services	45,000	39,000	38,231	769
Total Expenditures	45,000	39,000	38,231	769
Net Change in Fund Balance	(45,000)	(39,000)	3,620	42,620
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	43,827	43,827	43,827	0
Fund Balance End of Year	(\$1,173)	\$4,827	\$47,447	\$42,620

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,120,391	\$2,120,391	\$2,182,804	\$62,413
Investment Earnings	2,745	2,745	2,826	81
Intergovernmental	258,577	258,577	266,188	7,611
Total Revenues	<u>2,381,713</u>	<u>2,381,713</u>	<u>2,451,818</u>	<u>70,105</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	0	43,916	30,216	13,700
Debt Service:				
Principal Retirement	0	700,000	700,000	0
Interest and Fiscal Charges	0	2,656,084	1,609,113	1,046,971
Total Expenditures	<u>0</u>	<u>3,400,000</u>	<u>2,339,329</u>	<u>1,060,671</u>
Net Change in Fund Balance	2,381,713	(1,018,287)	112,489	1,130,776
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>568,931</u>	<u>568,931</u>	<u>568,931</u>	<u>0</u>
Fund Balance End of Year	<u>\$2,950,644</u>	<u>(\$449,356)</u>	<u>\$681,420</u>	<u>\$1,130,776</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$90,770	\$681,345	\$590,575
Investment Earnings	0	2,231	16,750	14,519
Intergovernmental	0	10,716	80,436	69,720
Total Revenues	0	103,717	778,531	674,814
Expenditures:				
Current:				
Support Services:				
Fiscal	0	12,289	10,172	2,117
Central	0	115,279	95,421	19,858
Debt Service:				
Principal Retirement	747,164	778,427	778,427	0
Interest and Fiscal Charges	31,263	455,570	243,000	212,570
Total Expenditures	778,427	1,361,565	1,127,020	234,545
Excess of Revenues Over (Under) Expenditures	(778,427)	(1,257,848)	(348,489)	909,359
Other financing sources (uses):				
Issuance of Short-Term Notes	0	643,445	4,829,896	4,186,451
Total Other Financing Sources (Uses)	0	643,445	4,829,896	4,186,451
Net Change in Fund Balance	(778,427)	(614,403)	4,481,407	5,095,810
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	966,985	966,985	966,985	0
Fund Balance End of Year	\$188,558	\$352,582	\$5,448,392	\$5,095,810

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Permanent Improvement Renewal Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$225,012	\$225,012
Other Revenues	0	0	3,949	3,949
Total Revenues	<u>0</u>	<u>0</u>	<u>228,961</u>	<u>228,961</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	2,979	1,847	1,800	47
Capital Outlay	<u>32,770,021</u>	<u>20,321,097</u>	<u>19,801,994</u>	<u>519,103</u>
Total Expenditures	<u>32,773,000</u>	<u>20,322,944</u>	<u>19,803,794</u>	<u>519,150</u>
Net Change in Fund Balance	(32,773,000)	(20,322,944)	(19,574,833)	748,111
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>22,772,145</u>	<u>22,772,145</u>	<u>22,772,145</u>	<u>0</u>
Fund Balance End of Year	<u>(\$10,000,855)</u>	<u>\$2,449,201</u>	<u>\$3,197,312</u>	<u>\$748,111</u>

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Classroom Facilities ADA Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$3,684	\$3,684
Intergovernmental	0	0	1,723,553	1,723,553
Total Revenues	0	0	1,727,237	1,727,237
Expenditures:				
Current:				
Capital Outlay	27,833	2,621,000	2,404,414	216,586
Total Expenditures	27,833	2,621,000	2,404,414	216,586
Net Change in Fund Balance	(27,833)	(2,621,000)	(677,177)	1,943,823
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,832	27,832	27,832	0
Fund Balance End of Year	(\$1)	(\$2,593,168)	(\$649,345)	\$1,943,823

Trotwood-Madison City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	SchoolNet Plus Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Central	13,336	13,466	13,466	0
Total Expenditures	13,336	13,466	13,466	0
Net Change in Fund Balance	(13,336)	(13,466)	(13,466)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,466	13,466	13,466	0
Fund Balance End of Year	\$130	\$0	\$0	\$0

STATISTICAL SECTION

Trotwood-Madison City School District
 General School System Revenues by Source - Government-Wide
 Last Ten Fiscal Years *

TABLE I

Fiscal Year	2003	2004	2005
Program Revenues:			
Charges for Services and Sales	\$1,018,091	\$1,092,916	\$674,484
Operating Grants and Contributions	6,496,225	7,237,406	5,120,360
Capital Grants and Contributions	0	26,165	1,750,966
General Revenues:			
Property Taxes Levied for: General Purposes	10,733,352	10,404,898	9,352,390
Debt Service	1,546,904	2,321,932	2,089,660
Capital Projects	757,194	723,340	652,540
Grants and Entitlements not Restricted to Specific	16,418,135	18,862,095	19,932,305
Payment in Lieu of Taxes	0	25,504	0
Unrestricted Contributions	0	50	0
Investment Earnings	870,334	655,825	2,067,063
Other Revenues	566,453	701,728	1,037,593
Total Revenues	<u>\$38,406,688</u>	<u>\$42,051,859</u>	<u>\$42,677,361</u>

Source: Trotwood-Madison City School District records.

* - Only information for years 2003-2005 available

Trotwood-Madison City School District
 General School System Expenses by Function - Government-Wide
 Last Ten Fiscal Years *

TABLE 2

Fiscal Year	2003	2004	2005
Instruction	\$19,239,136	\$21,250,122	\$21,254,126
Instructional Staff	1,899,162	1,873,503	2,566,856
Pupil	1,407,173	1,474,997	1,792,572
General Administration	118,082	47,559	39,136
School Administration	2,471,413	2,567,107	2,702,760
Business and Fiscal	876,610	1,108,488	939,295
Operations and Maintenance	2,229,176	2,488,552	2,566,632
Pupil Transportation	1,300,394	1,599,259	1,772,666
Central	762,348	888,264	1,760,909
Operation of Non-Instructional Services	1,602,411	1,899,807	1,901,656
Extracurricular Activities	495,499	664,663	649,110
Interest and Fiscal Charges	1,085,459	1,828,252	2,027,662
Total Expenditures	<u>\$33,486,863</u>	<u>\$37,690,573</u>	<u>\$39,973,380</u>

Source: Trotwood-Madison City School District records.

* - Only information for years 2003-2005 available

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

TABLE 3

Fiscal Year	1996 (1)	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taxes	\$7,676,845	\$5,963,756	\$5,538,561	\$5,099,339	\$5,311,396	\$9,077,722	\$8,864,122	\$9,141,222	\$9,506,444	\$10,137,653
Intergovernmental	11,354,629	11,683,258	12,218,819	13,283,116	13,715,827	14,495,417	16,251,109	17,393,312	18,959,271	19,661,631
Investment Revenue	167,644	192,250	312,856	318,853	340,076	372,367	156,446	103,725	77,563	165,963
Tuition and Fees	58,935	64,699	129,836	460,982	646,067	656,545	642,918	349,333	438,388	503,600
Other Revenues	0	22,978	258,972	87,916	327,877	457,087	184,880	545,282	678,470	404,795
Total Revenues	\$19,258,053	\$17,926,941	\$18,459,044	\$19,250,206	\$20,341,243	\$25,059,138	\$26,099,475	\$27,532,874	\$29,660,136	\$30,873,642

Source: Trotwood-Madison City School District records.

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

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

TABLE 4

Fiscal Year	1996 (1)	1997	1998	1999	2000	2001	2002	2003	2004	2005
Regular Instruction	\$8,453,340	\$5,704,222	\$8,726,414	\$9,481,224	\$9,983,932	\$10,027,319	\$9,477,878	\$9,817,985	\$9,921,338	\$10,509,291
Special Instruction	2,147,031	2,466,625	2,472,859	3,562,931	3,796,175	4,127,053	4,857,606	5,602,904	7,009,959	7,086,033
Vocational Instruction	498,631	385,705	323,446	180,911	261,864	183,376	114,182	73,277	68,498	8,128
Other Instruction	23,549	24,373	23,763	20,667	18,035	8,075	22,723	4,299	51,180	40,696
Pupil	670,820	859,243	846,743	908,920	1,350,895	910,883	987,849	1,055,997	979,517	900,348
Instructional Staff	377,662	440,936	682,438	1,030,673	919,742	1,338,813	1,689,784	1,599,555	1,392,882	1,408,439
General Administration	83,555	65,680	99,456	77,614	63,990	91,779	60,718	115,555	45,032	36,609
School Administration	1,647,723	1,630,385	1,789,846	1,905,479	1,890,673	1,727,905	2,566,961	2,217,185	2,004,654	2,160,233
Fiscal	528,580	428,038	398,222	454,710	690,116	374,863	510,849	671,195	819,551	661,321
Business	157,570	165,432	174,367	205,826	394,057	3,380	237,175	220,727	224,818	231,696
Operations and Maintenance	1,940,084	1,909,346	2,036,533	2,661,465	3,537,079	1,327,161	2,308,202	2,250,885	2,394,250	2,595,880
Pupil Transportation	1,002,091	1,019,479	1,175,911	1,062,835	1,354,838	1,205,404	1,505,013	1,318,703	1,532,190	1,675,939
Central	575,625	493,667	636,459	392,603	526,251	566,068	802,876	781,629	845,729	1,140,966
Operation of Non-Instructional Services	367	1,132	264	1,892	0	0	0	0	0	0
Extracurricular Activities	235,727	228,771	276,877	294,110	256,803	288,441	272,239	210,882	550,886	569,782
Capital Outlay	24,360	0	0	0	0	0	0	0	0	8,551
Debt Service:										
Principal	311,955	336,559	437,639	515,460	687,814	711,652	564,941	156,500	106,500	46,500
Interest	230,310	143,309	102,809	191,817	131,715	99,397	73,204	52,234	32,833	4,257
Total Expenditures	\$18,908,980	\$16,302,902	\$20,204,046	\$22,949,137	\$25,863,979	\$22,991,569	\$26,052,200	\$26,149,512	\$27,979,817	\$29,084,669

Source: Trotwood-Madison City School District records.

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

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

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

TABLE 5

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Tax Levied
1997	10,664,345	10,325,481	96.82%	620,449	10,945,930	102.64%	1,221,403	11.45%
1998	10,790,396	10,191,363	94.45%	615,175	10,806,538	100.15%	1,316,843	12.20%
1999	10,820,181	10,104,071	93.38%	496,692	10,600,763	97.97%	1,365,967	12.62%
2000	10,906,926	10,331,796	94.73%	596,923	10,928,719	100.20%	1,807,811	16.57%
2001	10,973,806	10,107,623	92.11%	443,833	10,551,456	96.15%	1,776,524	16.19%
2002	10,960,059	9,845,736	89.83%	452,314	10,298,050	93.96%	1,774,060	16.19%
2003	12,272,223	11,344,812	92.44%	690,905	12,035,717	98.07%	2,054,088	16.74%
2004	14,046,330	13,055,633	92.95%	1,057,515	14,113,148	100.48%	3,231,967	23.01%
2005	14,046,517	12,879,481	91.69%	1,129,154	14,008,635	99.73%	2,214,372	15.76%

Source: Montgomery County Auditor.

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

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

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

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

TABLE 6

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1997	204,600,340	584,572,400	26,392,499	105,569,996	17,268,210	19,622,966	248,261,049	709,765,362	34.98%
1998	205,800,690	588,001,971	28,652,050	114,608,200	16,721,950	19,002,216	251,174,690	721,612,387	34.81%
1999	208,856,650	596,733,286	27,039,712	108,158,848	16,267,380	18,485,659	252,163,742	723,377,793	34.86%
2000	220,632,420	630,378,343	26,275,809	105,103,236	14,815,900	16,886,250	261,724,129	752,367,829	34.79%
2001	220,430,720	629,802,057	24,947,808	99,791,232	13,390,910	15,216,943	258,769,438	744,810,232	34.74%
2002	220,961,430	631,318,371	22,837,365	91,349,460	10,706,700	27,470,773	254,505,495	750,138,604	33.93%
2003	252,118,370	720,338,200	20,069,465	80,277,860	10,870,750	27,918,090	283,058,585	828,534,150	34.16%
2004	251,199,900	717,714,000	20,422,178	81,688,712	10,644,960	27,338,193	282,267,038	826,740,905	34.14%
2005	251,503,910	718,582,600	19,182,894	76,731,576	10,647,830	27,345,563	281,334,634	822,659,739	34.20%

Source: Montgomery County Auditor.

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

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

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

TABLE 7

	2005	2004	2003	2002	2001	2000	1999	1998	1997
Trotwood-Madison City School District	\$61	\$61	\$61	\$53	\$53	\$53	\$54	\$54	\$54
Montgomery County	18	18	17	17	17	17	17	17	17
City of Trotwood	17	17	17	17	12	5	15	15	15
Joint Vocational School	3	3	3	3	3	3	3	3	3
Library	1	0	0	0	0	0	0	0	1

Source: Montgomery County Auditor.

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

TABLE 8

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
1996 (4)	29,358	222,654,029	200,000	(8,452)	200,000	0.09%	7
1997	29,358	248,261,049	0	153,251	0	0.00%	0
1998	29,358	251,174,690	0	134,339	0	0.00%	0
1999	29,358	252,163,742	0	92,259	0	0.00%	0
2000	27,420	261,724,129	0	92,259	0	0.00%	0
2001	27,420	258,769,438	0	0	0	0.00%	0
2002	27,420	254,505,495	0	0	0	0.00%	0
2003	27,420	283,058,585	35,000,000	581,451	34,418,549	12.16%	1,255
2004	27,420	282,267,038	34,480,952	695,279	33,785,673	11.96%	1,232
2005	27,420	281,334,634	33,861,190	893,166	32,968,024	11.72%	1,202

Sources:

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

Trotwood-Madison City School District
 Computation of Legal Debt Margin
 June 30, 2005

TABLE 9

Assessed Valuation of District	<u>281,334,634</u>
<u>Overall Direct Debt Limitation</u>	
Direct debt limitation	
9% of assessed valuation	\$25,320,117
Amount available in Debt Service Fund	893,166
Gross indebtedness	\$34,191,565
Less: Debt exempt from limitation	<u>34,191,565</u>
Debt subject to 9% limitation	<u>0</u>
Legal debt margin within 9% limitation	<u>\$26,213,283</u>
<u>Unvoted Direct Debt Limitation</u>	
Unvoted debt limitation	
0.1% of assessed valuation	\$281,335
Amount available in Debt Service Fund	0
related to unvoted debt	
Gross indebtedness authorized by the Board	0
Less: Debt exempt from limitation	<u>0</u>
Debt subject to 0.1% limitation	<u>0</u>
Legal debt margin within 0.1% limitation	<u>\$281,335</u>
<u>Energy Conservation Bond Limitation</u>	
Ohio Revised Code Section 133.042	
Debt limitation	
0.9% of assessed valuation	\$2,532,012
Energy conservation notes authorized	
by the Board	330,375
Legal debt margin within 0.9% limitation	<u>\$2,201,637</u>

Source: Trotwood-Madison City School District records.

Trotwood-Madison City School District
 Computation of Direct and Overlapping Debt
 June 30, 2005

TABLE 10

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District (1)</u>	<u>Amount Applicable to District</u>
Direct:			
Trotwood-Madison City School District	\$34,006,500	100.00%	\$34,006,500
Overlapping:			
Montgomery County	\$31,601,600	2.78%	\$878,524
City of Clayton	2,900,000	2.87%	83,230
City of Dayton	65,070,000	0.38%	247,266
City of Trotwood	8,365,000	82.32%	6,886,068
Miami Valley Regional T/A	10,210,000	2.78%	283,838
Total overlapping:	\$118,146,600		\$8,378,926
Total direct and overlapping debt:	\$152,153,100		\$42,385,426

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

TABLE 11

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

Fiscal Year	Principal (2)	Interest (2)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1996 (1)	357,207	71,778	428,985	18,908,980	2.27%
1997	947,360	245,796	1,193,156	16,302,902	7.32%
1998	87,284	42,915	130,199	20,204,046	0.64%
1999	707,700	141,540	849,240	22,949,137	3.70%
2000	687,814	131,715	819,529	25,863,979	3.17%
2001	1,009,382	132,010	1,141,392	22,991,569	4.96%
2002	1,008,459	179,259	1,187,718	26,052,200	4.56%
2003	371,500	941,827	1,313,327	26,149,512	5.01%
2004	950,950	1,832,630	2,783,580	27,979,817	9.95%
2005	989,500	1,953,797	2,943,297	29,084,669	10.12%

Source: Trotwood-Madison City School District records.

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

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

TABLE 12

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Montgomery County (3)</u>
1996	29,358	4,129	4.4%
1997	29,358	4,312	4.0%
1998	29,358	4,200	4.1%
1999	29,358	4,217	3.9%
2000	27,420	3,811	4.0%
2001	27,420	4,385	4.0%
2002	27,420	3,854	4.3%
2003	27,420	3,730	4.3%
2004	27,420	3,503	4.3%
2005	27,420	3,268	6.1%

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

(2) Trotwood - Madison City School District records

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

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

TABLE 13

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (2) (in Thousands)</u>	<u>Property Values (3)</u>
1996	12,480,803	3,899,114	180,379,660
1997	4,307,023	3,530,314	204,600,340
1998	8,171,750	3,264,705	205,800,690
1999	5,767,193	2,994,378	208,856,650
2000	18,556,363	191,473 (4)	220,632,420
2001	7,529,441	208,298	220,430,720
2002	36,951,545	224,099	220,961,430
2003	*	*	252,118,370
2004	*	*	251,199,900
2005	*	*	251,503,910

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

* information not available

Trotwood-Madison City School District
 Real Property
 Top Ten Principal Taxpayers
 June 30, 2005

TABLE 14

Name of Taxpayer	Real Property	% of Total Assessed Valuation
Dayton Power & Light Company	\$5,333,650	2.12%
Bradley Operating	4,689,730	1.86%
Verizon North Inc.	2,898,510	1.15%
Castlebrook Capital	2,693,600	1.07%
Lowes Home Center	2,429,040	0.97%
Tramlaw LLC	2,112,990	0.84%
Belle Meadows	1,912,930	0.76%
Graoch Associates, LTD.	1,889,980	0.75%
Sears Roebuck & Co.	1,681,300	0.67%
Fieldstone Limited	1,414,140	0.56%
	<u>\$27,055,870</u>	<u>10.76%</u>

Source: Montgomery County Auditor.

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

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	U	CTC	Total
2004-05	194	220	175	200	231	218	300	278	273	463	242	244	149	2	118	3,307
The following are projections:																
2005-06	356	352	349	346	341	335	310	382	323	332	326	320	305	0	107	4484
2006-07	365	361	357	354	351	346	340	315	384	327	324	318	313	0	108	4563
2007-08	374	370	366	362	359	356	351	345	320	385	329	314	311	0	109	4651
2008-09	383	379	375	371	367	364	361	356	350	325	370	319	307	0	108	4735
2009-10	392	388	384	380	376	372	369	366	361	340	315	360	312	0	109	4824
2010-11	383	379	375	371	367	363	360	357	352	331	306	348	303	0	110	4705
2011-12	381	370	371	370	360	362	351	350	350	325	305	347	302	12	108	4664
2012-13	384	360	365	365	370	345	350	351	356	354	350	348	249	8	105	4660

(Figures include MVCTC Students)

Source: Trotwood-Madison City School District records.

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

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 4, 2006**