

TALAWANDA SCHOOL DISTRICT

Single Audit Reports

June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Talawanda School District
Oxford, Ohio

We have reviewed the Independent Auditor's Report of the Talawanda School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

December 5, 2003

This Page is Intentionally Left Blank.

TALAWANDA SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2 - 3
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	4 - 5
Schedule of Findings and Questioned Costs	6
Schedule of Prior Audit Findings	7

TALAWANDA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
(Passed through Ohio Department of Education)				
Nutrition Cluster:				
Food Distribution Program	03-PU	10.550	\$ 49,589	33,002
School Breakfast Program	05-PU	10.553	22,908	22,908
National School Lunch Program	04-PU	10.555	<u>143,651</u>	<u>143,651</u>
Total U.S. Department of Agriculture			<u>216,148</u>	<u>199,561</u>
<u>U.S. Department of Education:</u>				
(Passed through Ohio Department of Education)				
Special Education Cluster:				
Title VI - B Grant	6B-SF	84.027	278,566	268,912
Preschool Grant	PG-S1	84.173	<u>5,466</u>	<u>5,275</u>
Total Special Education Cluster			<u>284,032</u>	<u>274,187</u>
Grants to Local Education Agencies (ESEA Title I)	C1-S0	84.010	306,569	362,845
Innovative Education Program Strategy - Title VI	C2-S1	84.298	3,472	15,978
Class Size Reduction	CR-S1	84.340	(467)	8,043
Safe and Drug Free Schools	DR-S1	84.186	13,610	11,827
Technology Literacy Challenge Fund Grant	TJ-S1	84.318	9,376	7,437
Improving Teacher Quality State Grant	TR-S1	84.367	<u>99,031</u>	<u>128,075</u>
Total U.S. Department of Education			<u>715,623</u>	<u>808,392</u>
<u>Corporation for National & Community Service:</u>				
(Passed through the Ohio Department of Education)				
Learn & Serve America - School & Community Based Program	n/a	94.004	<u>500</u>	<u>500</u>
Total Corporation for National & Community Service			<u>500</u>	<u>500</u>
Total Federal Awards			<u>\$ 932,271</u>	<u>1,008,453</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

NOTE C - MATCHING REQUIREMENTS

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

NOTE D - TRANSFERABILITY

In FY2003, CFDA 84.281 transferred funds in the amount of \$7,169 to CFDA 84.367 as allowed by the grant agreement. Per the OMB Circular A-133 Compliance Supplement the expenditures of these federal funds have been included in the receiving fund.

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

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

To the Board of Education
Talawanda School District:

We have audited the financial statements of Talawanda School District as of and for the year ended June 30, 2003, and have issued our report thereon dated October 1, 2003, wherein we noted that the School District implemented Governmental Accounting Standards Board Statements 34, 37, 38 and 39 as well as Governmental Accounting Standards Board Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Talawanda School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Clark, Schrefer, Hackett & Co.

Cincinnati, Ohio
October 1, 2003

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

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

To the Board of Education
Talawanda School District:

Compliance

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

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

In our opinion, Talawanda School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

We have audited the basic financial statements of Talawanda School District as of and for the year ended June 30, 2003, and have issued our report thereon dated October 1, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Talawanda School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 1, 2003

TALAWANDA SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2003

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

TALAWANDA SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2003

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

TALAWANDA SCHOOL DISTRICT
BUTLER COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT



(Stewart Elementary School – Closed June 30, 2003)

Year Ended June 30, 2003

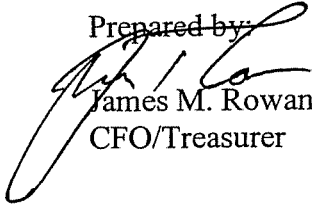
TALAWANDA SCHOOL DISTRICT

BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Prepared by:


James M. Rowan
CFO/Treasurer

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2003**

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii
ASBO Certificate of Excellence in Financial Reporting	viii
List of Principal Officials	ix
List of Consultants and Advisors	x
Organization Chart	xi

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Statement of Net Assets - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets	19
Notes to the Basic Financial Statements	20
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis) - General Fund	44
Notes to Required Supplementary Information	45

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Supplemental Section:	
Fund Descriptions	48
Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	53
Combining Balance Sheet - Nonmajor Special Revenue Funds	54
Combining Balance Sheet - Nonmajor Capital Projects Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	64
Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) for the following funds:	
Public School Support Fund	65
Athletic Fund	66
Auxiliary Services Fund	67
Professional Development Fund	68
Management Information Systems Fund	69
Disadvantaged Pupil Impact Aid Fund	70
State Connectivity Fund	71
Schoolnet Professional Development Fund	72
Instructional Material Subsidy Fund	73
Ohio Reads Grant Fund	74
Summer School Subsidy Fund	75
Extended Learning Fund	76
Miscellaneous State Grants Fund	77
Eisenhower Grant Fund	78
Title VI-B Fund	79
Title I Fund	80
Title VI Fund	81
Drug Free Schools Fund	82
EHA Preschool Fund	83
Erate Fund	84
Class Size Reduction Grant Fund	85
Miscellaneous Federal Grants Fund	86
Special Revenue Fund	87
Food Service Fund	88
Uniform School Supplies Fund	89
Debt Service Fund	90
Permanent Improvement Fund	91
Building Fund	92
IVDL Grant Fund	93
Schoolnet Fund	94
Combining Statement of Net Assets - Agency Funds	95

TABLE OF CONTENTS
(Continued)

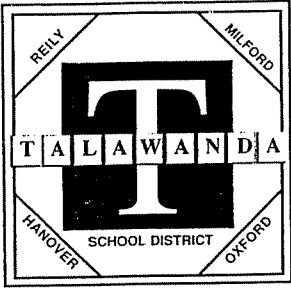
Page

STATISTICAL SECTION

General Governmental Expenditures by Function	97
General Governmental Revenues by Source	98
Property Tax Levies and Collections	99
Assessed and Estimated Actual Value of Taxable Property	100
Property Tax Rates - Direct and Overlapping Governments	101
Principal Taxpayers	102
Computation of Legal Debt Margin	103
Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	104
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures	105
Computation of Overlapping Debt	106
Demographic Statistics	107
Construction, Bank Deposits and Property Values	108
Oxford Area Largest Employers	109
Miscellaneous Statistical Data	110

Talawanda School District, Ohio

INTRODUCTORY SECTION



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

October 1, 2003

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

Ohio law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Talawanda School District for the year ended June 30, 2003.

This report consists of management's representations concerning the finances of the Talawanda School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Talawanda School District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Talawanda School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Talawanda School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Talawanda School District's financial statements have been audited by Clark, Schaefer, Hackett & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Talawanda School District for the year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Talawanda School District's financial statements for the year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Talawanda School District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only to the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Talawanda School District's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Talawanda School District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE SCHOOL DISTRICT

The Talawanda School District is located in the northwestern section of Butler County, Ohio, and encompasses the City of Oxford. The School District has an area of 145 square miles and an approximate residential population of 23,968 and an approximate Miami University population of 11,000. The School District is primarily a residential and farming community. The Talawanda School District had 3,108 students enrolled in its three elementary schools, middle school, and high school during the year ended June 30, 2003. In addition to the schools listed, the District maintained and operated a transportation facility, maintenance building, central office building, and several sports fields.

A five member Board of Education serves as the taxing authority, contracting body, and policy maker for the Talawanda School District. The Board adopts the annual operating budget, tax budget and approves all expenditures of School District tax moneys. The Superintendent is the chief executive officer of the School District, responsible to the Board for total education and support operations. The Treasurer is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds and investment of idle funds as specified by Ohio law. Other Board appointed officials, reporting to the Superintendent, are an Assistant Superintendent, building principals, and directors of various educational and support services.

The Talawanda School District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general and college preparatory levels; a broad range of co-curricular and extra curricular activities; adult and community education offerings; special education programs and facilities; and community recreation facilities. In addition to providing these general activities, the School District acts as fiscal agent for State funds distributed to private schools located within the School District boundaries; therefore this activity is included in the reporting entity. The McGuffey Foundation School is the only school served. While the McGuffey Foundation shares operational and service similarities with the School District, each are separate and distinct entities. Because of its independent nature, the McGuffey Foundation School's financial statements are not included in this report.

The annual budget serves as the foundation for the Talawanda School District's financial planning and control. Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The expressed purpose of this budget document is to reflect the need for existing or increasing tax rates. By no later than January 20, the board-adopted budget is filed with the Butler County Budget Commission for tax rate determination. Prior to March 15, the Board of Education accepts by formal resolution, the tax rate as determined by the Budget Commission and receives the Commission Certificate of Estimated Resources, which states the projected revenue of each fund.

Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 44 as required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 47.

FACTORS AFFECTING FINANCIAL CONDITION:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Talawanda School District operates.

Local Economy:

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

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

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

Long-Term Financial Planning:

During the 2002-2003 school year the Talawanda School District participated in the Ohio School Facilities Commission Expedited Local Partnership Program Assessment Plan. This program enabled a group of architects employed by the Ohio School Facilities Commission to assess the condition of School District facilities to allow for state funding for school facilities. As a result of this study the Talawanda Board of Education developed a facilities master plan to meet the needs of the School District for the next several years. The Talawanda School District will continue to seek voter approval to fund the much needed facility renovations as outlined in the plan. Based on the School District's wealth factor the state would provide a 24% match on all approved projects. While the state does not anticipate that funding would be available for the Talawanda School District until 2009, the School District would be permitted to proceed under the Expedited Local Partnership Program with the understanding that state funding would be credited in the future.

The Talawanda School District prepares a five-year forecast outlining operational revenues and expenditures based on current assumptions. The five-year forecast must be filed with the Ohio Department of Education in October of each year and then revised the following May. The five-year forecast is used as a management tool in determining the operational needs of the district. Ohio law prohibits a school district from closing its doors due to lack of funds. It is the responsibility of the Board of Education to ensure the district presents a balanced budget on an annual basis. The five-year forecast provides management with essential information needed to seek additional revenue or to reduce services in order to maintain a balanced budget.

Cash Management:

The School District has an aggressive cash management program expediting the receipt of revenues and prudently investing available cash in obligations collateralized by instruments issued by the United States Government, State of Ohio, or insured by the Federal Deposit Insurance Corporation. The program is particularly successful because of computerization of daily balances, which permits the Treasurer's Office to minimize cash on hand and maximize investment holdings. All investments are spread among available investment options to insure maximum interest rates.

The School District's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits meet minimum state requirements. Investments held by the School District during the year ended June 30, 2003, are classified in the categories of lowest to middle credit risk as defined by the Governmental Accounting Standards Board. However, as required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits to secure the repayment of all public moneys deposited in a financial institution.

Risk Management:

The Talawanda School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. For the year ended June 30, 2003, the School District participated in the Ohio School Plan (OSP), an insurance purchasing pool for its liability insurance coverage. The OSP's business and affairs are conducted by a 13 member Board of Directors made up of school administrators. The pool is 100% reinsured and the District is provided general liability insurance with \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. An umbrella liability policy is also secured in the amount of \$2,000,000 each occurrence and aggregate. Buildings, contents, and school vehicles are protected through a local insurance agent. There were no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

Pension and Other Postemployment Benefits:

All School District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). School District employees hired after April 1, 1986 are also currently covered under the Federal Social Security Act for the Medicare portion only. The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each Retirement System. The School District has no obligation in connection with the employee benefits offered through these plans beyond its annual contractual payment to the State Pension Plans.

The School District provides comprehensive health care benefits to retired teachers and their dependents through STRS and to retired non-certificated employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both Systems are funded on a pay-as-you go basis. The School District has no obligation in connection with the employee benefits offered through these plans.

Additional information on the Talawanda School District's pension arrangements and postemployment benefits can be found in notes 9 and 10 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS:

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the District for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2002. This was the tenth consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the year ended June 30, 2002 to the District. The Certificate of Excellence is the highest form of recognition for excellence in school district financial reporting and was awarded for this District's eighth annual report produced under Generally Accepted Accounting Principles.

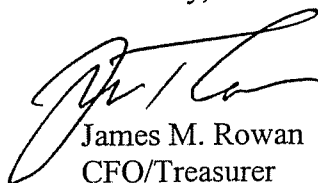
This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the year ended June 30, 2003, will also conform to its principles and standards.

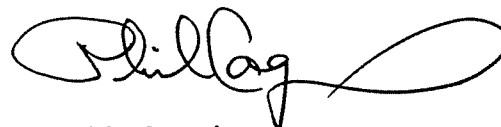
Acknowledgments

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

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

Sincerely,


James M. Rowan
CFO/Treasurer


Philip Cagwin
Superintendent of Schools

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Talawanda City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

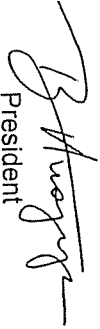


This Certificate of Excellence in Financial Reporting is presented to

TALAWANDA SCHOOL DISTRICT

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

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


President


Executive Director

**TALAWANDA SCHOOL DISTRICT
APPOINTED OFFICIALS
AS OF JUNE 30, 2003**

<u>Official</u>	<u>Title</u>
Philip Cagwin	Superintendent
James M. Rowan	CFO/Treasurer
Rhonda Bohannon	Assistant Superintendent
David McDaniel	Director of Technology
Robert Phelps	Director of Special Education

<u>Elected Officials</u>	<u>Term Expiration</u>
Glenn Bailey	December 31, 2003
Donald D. Barnhart	December 31, 2003
Mollie Hansel	December 31, 2003
Robert Sherman	December 31, 2005
Robert Huff	December 31, 2005

**TALAWANDA SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2003**

Architects

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

Bond Council

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

Investment Counselors

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

Official Depositories

Fifth Third Bank
5950 Fairfield Road
Oxford, OH 45056

Asbestos

Safe Space
68 South Main Street
Middletown, OH 45044

Independent Auditor

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

Legal Council

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

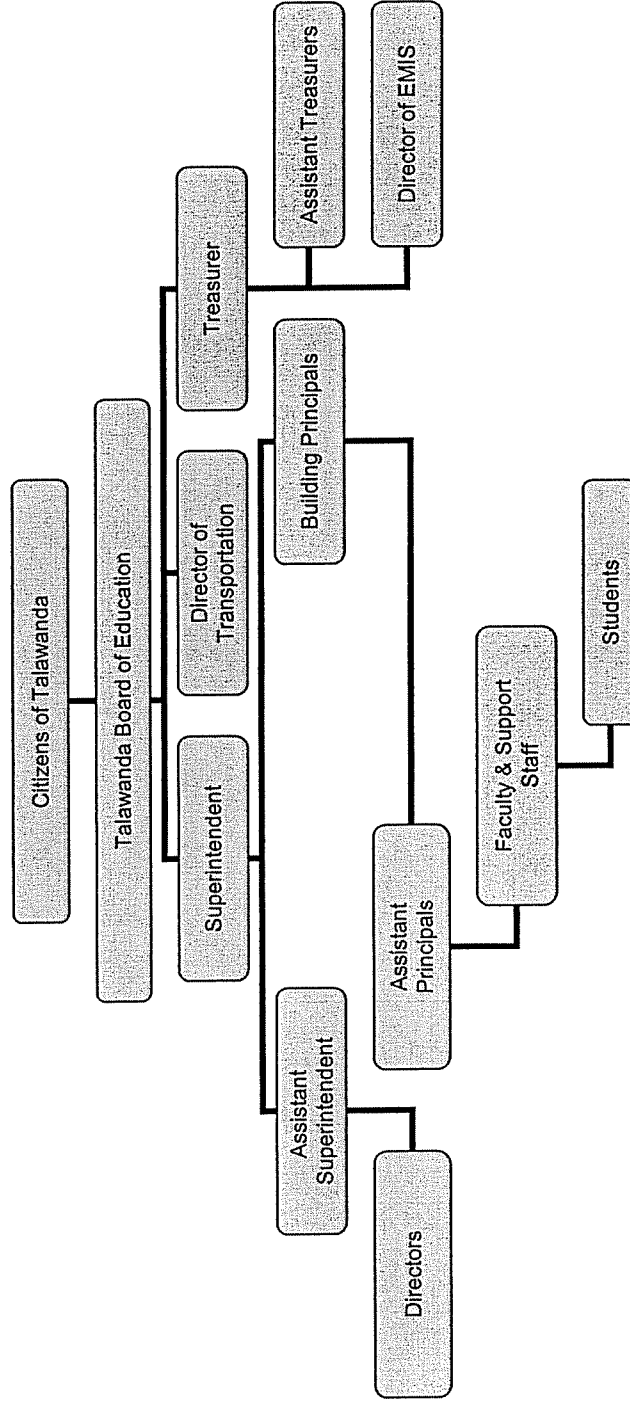
Workers Compensation

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

Talawanda School District, Ohio

Organizational Chart

As of June 30, 2003



Talawanda School District, Ohio

FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Talawanda School District:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Talawanda School District, as of and for the year ended June 30, 2003, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Talawanda School District, as of June 30, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

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

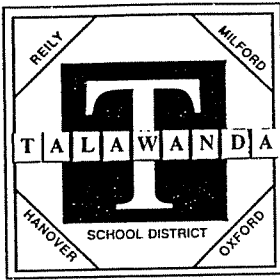
In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2003, on our consideration of Talawanda School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial 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 financial 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.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 10 and 44 through 45, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 1, 2003



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Talawanda School District for the year ended June 30, 2003. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2003 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$17.0 million. Of this amount, \$5.9 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets decreased by \$1.4 million.
- ✓ The School District had \$26.3 million in expenses related to governmental activities; only \$2.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$22.4 million, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.
- ✓ The General Fund balance decreased by \$.7 million from \$7.3 million at June 30, 2002 to \$6.6 million at June 30, 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District has no business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual governmental funds. The most significant funds, known as major funds, are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. The School District's only major fund is its General Fund. Data for the other governmental funds is combined into a single aggregated presentation.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Notes to the basic financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2003:

	Governmental
	<u>Activities</u>
Current and other assets	\$ 23,583,877
Capital assets	<u>11,095,075</u>
Total assets	<u>34,678,952</u>
Long-term liabilities outstanding	1,537,780
Other liabilities	<u>16,117,385</u>
Total liabilities	<u>17,655,165</u>
Net assets:	
Invested in capital assets, net of debt	10,627,075
Restricted:	
For capital purposes	413,761
Other purposes	73,847
Unrestricted	<u>5,909,104</u>
Total net assets	\$ <u>17,023,787</u>

The largest portion of the School District's net assets (62%) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net assets (\$5,909,104) may be used to meet the government's ongoing obligations to citizens and creditors.

Since this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

B. Governmental Activities during fiscal year 2003

The following table presents a condensed summary of the School District's activities during fiscal year 2003 and the resulting change in net assets:

	Governmental Activities
Revenues:	
Program revenues:	
Charges for services and sales	\$ 1,196,151
Operating grants and contributions	1,297,975
Capital grants and contributions	<u>2,400</u>
Total program revenues	<u>2,496,526</u>
General revenues:	
Property taxes	11,120,771
Grants and entitlements	10,737,983
Investment earnings	256,073
Miscellaneous	<u>270,774</u>
Total general revenues	<u>22,385,601</u>
Total revenues	<u>24,882,127</u>
Expenses:	
Instruction	14,685,649
Support services:	
Pupil	1,344,517
Instructional staff	1,575,132
Board of Education	135,331
Administration	1,465,644
Fiscal	650,892
Business	6,494
Operation and maintenance of plant	3,191,220
Pupil transportation	1,711,053
Central	30,863
Non-instructional services	573,061
Interest on long-term debt	15,470
Food services	<u>940,521</u>
Total expenses	<u>26,325,847</u>
Change in net assets	<u>\$ (1,443,720)</u>

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Of the total governmental activities revenues of \$24,882,127, \$2,496,526 (10%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 50% (\$11,120,771) comes from property tax levies and 48% (\$10,737,983) is from state and federal funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

As previously mentioned, because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 9% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$14,685,649 but program revenue contributed to fund 8% of those costs. Thus, general revenues of \$13,579,858 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets decreased by (\$1,443,720) due primarily to expenditures exceeding revenues. Property tax revenue for FY03 was \$87,449 lower than FY02 due to changes in personal property taxation and public utility deregulation. Grants and entitlements not restricted to specific programs was \$335,903 less than FY02. The district experienced a decline in interest income in the amount of \$99,477. The remaining decline in net assets is attributed to inflationary increases in expenditures as well as additional program offerings aimed at literacy.

Governmental Activities

	<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$ 14,685,649	1,105,791	8%	13,579,858
Support services	10,111,146	432,612	4%	9,678,534
Non-instructional services	573,061	77,495	14%	495,566
Food service	940,521	880,628	94%	59,893
Interest on long-term debt	<u>15,470</u>	<u>-</u>	0%	<u>15,470</u>
Total	\$ <u>26,325,847</u>	<u>2,496,526</u>	<u>9%</u>	<u>23,829,321</u>

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund: the General Fund. Assets of this fund comprise \$22,579,599 (96%) of the total \$23,590,127 governmental funds assets.

General Fund. Fund balance at June 30, 2003 was \$6,602,025, including \$5,399,072 of unreserved balance, which represents 24% of expenditures for fiscal year 2003. The primary reasons for the decrease in fund balance were lower tax, interest, and intergovernmental revenues along with inflationary increases in expenditures and new program offerings for literacy.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. Significant differences between the original and final are as follows:

- Final budgeted revenues were lower than original due to decreases in tax and interest revenue and increases in tuition and fees and other local revenues. The School District saw a decrease in tax revenues due to changes in personal property and public utility assessments. Decreases associated with interest income are associated with lower interest rates. The increases in tuition and fees were primarily associated with additional special education students being educated by the district through tuition agreements.
- Final budgeted expenditures were higher than original primarily due to an additional \$553,523 being spent on capital outlay. Of this amount, approximately \$250,000 was spent on a land acquisition, \$75,000 spent on modular classroom and site improvements, \$33,000 spent on used school buses, \$22,000 spent on a new athletic field surface, and the remaining amount spent on computer and copy machine technology.
- Other variances included increases in special education tuition, reduction of educational assistants, and repayment of debt associated with the land acquisition and fitness equipment.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2003, the School District had \$11,095,075 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total decrease in the School District's investment in capital assets for the current fiscal year was approximately 3%. See Note 7 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

		Governmental Activities
Land	\$	1,036,247
Land improvements		381,380
Buildings and improvements		8,595,836
Furniture and equipment		825,863
Vehicles		<u>255,749</u>
Total	\$	<u><u>11,095,075</u></u>

Major capital asset events during the current fiscal year included:

The School District purchased 32 acres of land in the amount of \$247,967; four used school buses in the amount of \$33,500; one new modular classroom and necessary improvements in the amount of \$75,000; site improvements to the football field in the amount of \$22,500; and purchase of computers, networks, and copy machines. The School District disposed of four school buses and computers that were obsolete.

Debt

For the year ended June 30, 2003, the district retired \$105,000 in Facility Bonds associated with a 1993 House Bill 264 Energy Conservation Project. As of June 30, 2003 the balance of outstanding general obligation bonds is \$110,000 with related interest payments of \$2,750 due in FY04.

In December 2002, the Board authorized financing for the acquisition of land with a lease-purchase agreement through the Ohio Association of School Business Official's Expanded Asset Pooled Financing Program in the amount of \$250,000. The School District is required to make monthly payments of interest only at a variable interest rate with the principal due in January 2008.

See Note 12 to the financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

ECONOMIC FACTORS

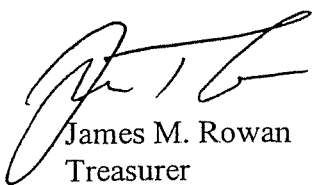
A challenge facing the School District is the future of state funds. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. The State of Ohio asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. The Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator.

The mediator issued his final report indicating that the conference was unable to produce a settlement so the case was reconsidered by the Court. On December 11, 2002, the Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The Talawanda School District is currently experiencing an enrollment decline, which is having a negative impact on state revenue. As a result the School District implemented a reduction in force that will take effect for the year ended June 30, 2004. The School District continues to project an enrollment decline for the foreseeable future. In addition, the Talawanda Board of Education closed Stewart Elementary School at the conclusion of the 2003 school year. A 1.19 mill bond issue has been placed on the November 4, 2003 ballot to construct a new elementary school. The School District is currently projecting a deficit of approximately \$900,000 for fiscal year 2006. The Board of Education and Administration will continue to monitor the five-year forecast in an effort to address the projected deficit in 2006.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Talawanda School District, 131 West Chestnut Street, Oxford, Ohio 45056.



James M. Rowan
Treasurer

October 1, 2003

(THIS PAGE INTENTIONALLY LEFT BLANK)

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2003

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 9,452,170
Receivables:	
Taxes	13,559,825
Accounts	73,657
Intergovernmental	195,730
Interest	22,178
Supplies inventory	21,268
Prepays	56,173
Restricted assets	202,876
Nondepreciable capital assets	1,036,227
Depreciable capital assets, net	<u>10,058,848</u>
Total assets	<u>34,678,952</u>
Liabilities:	
Accounts payable	266,033
Accrued wages and benefits	2,219,681
Pension obligation payable	442,471
Deferred revenue	13,187,825
Accrued interest payable	1,375
Noncurrent liabilities:	
Due within one year	350,611
Due within more than one year	<u>1,187,169</u>
Total liabilities	<u>17,655,165</u>
Net Assets:	
Invested in capital assets, net of related debt	10,627,075
Restricted for:	
Capital projects	413,761
Other purposes	73,847
Unrestricted	<u>5,909,104</u>
Total net assets	<u>\$ 17,023,787</u>

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Activities
Year Ended June 30, 2003

	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:					
Instruction:					
Regular	\$ 11,790,964	143,394	189,939	2,400	\$ (11,455,231)
Special education	2,406,330	-	358,678	-	(2,047,652)
Adult/continuing	488,355	354,513	56,867	-	(76,975)
Support services:					
Pupil	1,344,517	-	306,659	-	(1,037,858)
Instructional staff	1,575,132	-	36,783	-	(1,538,349)
Board of Education	135,331	-	-	-	(135,331)
Administration	1,465,644	-	-	-	(1,465,644)
Fiscal	650,892	-	-	-	(650,892)
Business	6,494	-	-	-	(6,494)
Operation and maintenance of plant	3,191,220	-	-	-	(3,191,220)
Pupil transportation	1,711,053	-	-	-	(1,711,053)
Central	30,863	-	89,170	-	58,307
Non-instructional services:					
Extracurricular activities	537,695	77,495	-	-	(460,200)
Community service	35,366	-	-	-	(35,366)
Food Service	940,521	620,749	259,879	-	(59,893)
Interest on long-term debt	15,470	-	-	-	(15,470)
Total Governmental Activities	\$ 26,325,847	1,196,151	1,297,975	2,400	(23,829,321)
General Revenues:					
Property taxes, levied for general purposes					11,120,771
Grants and entitlements not restricted to specific programs					10,737,983
Investment earnings					256,073
Miscellaneous					270,774
Total general revenues					22,385,601
Change in net assets					(1,443,720)
Net assets beginning of year (See Note 2)					18,467,507
Net assets end of year					\$ 17,023,787

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Balance Sheet
 Governmental Funds
 June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 8,622,551	829,619	9,452,170
Restricted cash	202,876	-	202,876
Receivables:			
Taxes	13,559,825	-	13,559,825
Accounts	52,858	20,799	73,657
Accrued interest	22,178	-	22,178
Intergovernmental	56,888	138,842	195,730
Prepays	56,173	-	56,173
Supplies and inventory	-	21,268	21,268
Interfund receivable	6,250	-	6,250
Total assets	<u>22,579,599</u>	<u>1,010,528</u>	<u>23,590,127</u>
Liabilities:			
Accounts payable	237,408	28,625	266,033
Accrued wages and benefits	2,089,773	129,908	2,219,681
Pension obligation payable	415,767	26,704	442,471
Interfund payable	-	6,250	6,250
Compensated absences payable	31,915	-	31,915
Deferred revenue	13,202,711	60,349	13,263,060
Total liabilities	<u>15,977,574</u>	<u>251,836</u>	<u>16,229,410</u>
Fund Balances:			
Reserved for:			
Encumbrances	571,904	129,486	701,390
Budget stabilization	202,876	-	202,876
Property taxes	372,000	-	372,000
Prepays	56,173	-	56,173
Debt service	-	9,261	9,261
Unreserved, reported in:			
General Fund	5,399,072	-	5,399,072
Special Revenue Funds	-	515,305	515,305
Capital Projects Funds	-	104,640	104,640
Total fund balances	<u>6,602,025</u>	<u>758,692</u>	<u>7,360,717</u>
Total liabilities and fund balances	<u>\$ 22,579,599</u>	<u>1,010,528</u>	<u>23,590,127</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2003

Total Governmental Fund Balances \$ 7,360,717

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. 11,095,075

Other long-term assets are not available to pay for current-period
 expenditures and therefore are not reported in the funds. 75,235

Long-term liabilities, including bonds payable, are not due and
 payable in the current period and therefore are not reported
 in the funds.

General obligation bonds	110,000	
Compensated absences	856,169	
Capital lease	108,000	
Pension obligation payable	181,696	
Lease-purchase agreement	250,000	
Accrued interest payable	<u>1,375</u>	
Total		<u>(1,507,240)</u>

Net Assets of Governmental Activities \$ 17,023,787

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 11,120,771	-	11,120,771
Tuition and fees	354,513	-	354,513
Interest	239,549	981	240,530
Charges for services	-	764,143	764,143
Intergovernmental	10,737,983	1,240,026	11,978,009
Other local revenues	178,560	205,988	384,548
Total revenues	<u>22,631,376</u>	<u>2,211,138</u>	<u>24,842,514</u>
Expenditures:			
Current:			
Instruction:			
Regular	11,120,089	300,036	11,420,125
Special education	1,820,606	493,889	2,314,495
Other instruction	488,355	-	488,355
Support services:			
Pupil	1,166,304	173,393	1,339,697
Instructional staff	1,302,987	212,204	1,515,191
Board of Education	135,331	-	135,331
Administration	1,382,509	117,910	1,500,419
Fiscal	647,193	-	647,193
Business	6,494	-	6,494
Operation and maintenance of plant	2,415,159	5,827	2,420,986
Pupil transportation	1,701,845	-	1,701,845
Central	30,863	-	30,863
Non-instructional services:			
Extracurricular activities	431,734	102,198	533,932
Community service	-	39,001	39,001
Food service	-	876,951	876,951
Capital outlay	767,747	32,697	800,444
Debt Service:			
Principal	51,000	105,000	156,000
Interest and fiscal charges	8,658	8,125	16,783
Total expenditures	<u>23,476,874</u>	<u>2,467,231</u>	<u>25,944,105</u>
Excess of revenues over (under) expenditures	<u>(845,498)</u>	<u>(256,093)</u>	<u>(1,101,591)</u>
Other financing sources (uses):			
Transfers in	-	120,294	120,294
Transfers out	(113,125)	(7,169)	(120,294)
Proceeds from lease-purchase agreement	250,000	-	250,000
Total other financing sources (uses)	<u>136,875</u>	<u>113,125</u>	<u>250,000</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(708,623)	(142,968)	(851,591)
Fund balance, beginning of year	<u>7,310,648</u>	<u>901,660</u>	<u>8,212,308</u>
Fund balance, end of year	<u>\$ 6,602,025</u>	<u>758,692</u>	<u>7,360,717</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds	\$	(851,591)
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay		828,163
Depreciation expense		(1,190,432)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		105,000
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		51,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		1,313
<p>Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(176,129)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		75,235
<p>In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from sale are not reported as in the funds.</p>		
		(36,279)
<p>Proceeds from a lease-purchase agreement are reported as other financing sources in the governmental funds, but proceeds are increases in liabilities on the statement of net assets.</p>		
		<u>(250,000)</u>
Change in Net Assets of Governmental Activities	\$	<u>(1,443,720)</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2003

		Private Purpose Trusts	Agency Funds	Total
ASSETS				
Equity in pooled cash and investments	\$	24,453	66,879	91,332
Total assets		<u>24,453</u>	<u>66,879</u>	<u>91,332</u>
LIABILITIES				
Due to student groups		-	56,203	56,203
Due to others		-	10,676	10,676
Total liabilities		<u>-</u>	<u>66,879</u>	<u>66,879</u>
NET ASSETS				
Held in trust	\$	<u>24,453</u>	<u>-</u>	<u>24,453</u>

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2003

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ 2,757
Interest	<u>272</u>
Total additions	<u>3,029</u>
Deductions:	
Community gifts, awards and scholarships	<u>2,250</u>
Total deductions	<u>2,250</u>
Change in net assets	779
Net assets, beginning of year	<u>23,674</u>
Net assets, end of year	\$ <u><u>24,453</u></u>

See accompanying notes to the basic financial statements.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Talawanda School District, Ohio (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 in its government-wide financial statements provided they do not conflict with or contradict GASB pronouncements. The School District has the option to follow subsequent FASB statements and interpretations but has elected not to do so. The more significant of the School District's accounting policies are described below.

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with five organizations, two of which are defined as jointly governed organizations and three as insurance purchasing pools. These organizations include Southwest Ohio Computer Association, Butler County Technology and Career Development Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Butler County Health Plan. These organizations are presented in Notes 14 and 15.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

B. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and fiduciary.

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 is the School District's major governmental fund:

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 to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fiduciary Funds report on net assets and changes in net assets. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The School District's private-purpose trust funds account for scholarship programs for students. These assets are not available for the School District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds and agency funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Government-wide financial statements are prepared using the accrual basis of accounting. Also, private-purpose trust funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

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

Deferred Revenue Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2003 which are intended to finance fiscal year 2004 operations, and delinquent property taxes whose availability is indeterminable, have been 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.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for rate determination.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund levels of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

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

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2003, the District's investments were limited to US Treasury notes, US Agency securities and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2003 at fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

G. Inventory

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. Reported inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings	30-50 years
Land improvements	10-20 years
Building improvements	10-40 years
Equipment and furniture	5-20 years
Vehicles	5-10 years

I. Interfund Balances

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

J. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School 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 method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that is expected to be paid using current available expendable financial resources.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

L. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicate that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, supplies inventory and budget reserve set-asides.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

N. Net Assets

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

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

O. Estimates

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

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

2. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the School District implemented the following:

- GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments.*
- GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus.*
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures.*
- GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units.*
- GASB Interpretation No. 6, *Recognition and Measurements of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

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

The beginning net asset amount for governmental activities reflects the change in fund balance at June 30, 2002 caused by the conversion to the accrual basis of accounting as well as the reclassification of the Food Service and Uniform School Supplies enterprise funds and funds previously reported as expendable trust funds as special revenue funds:

Fund balance - all governmental funds - June 30, 2002	\$ 7,877,887
GASB 34 adjustments:	
Capital assets	11,493,623
Long-term liabilities	(1,238,424)
Reclassification of trust funds as special revenue funds	26,259
Reclassification of enterprise funds as special revenue funds	<u>308,162</u>
Governmental activities net assets - June 30, 2002	<u>\$ 18,467,507</u>

For the governmental fund financial statements, the following table shows the effect of fund reclassifications on beginning governmental fund balances:

Fund balance - all governmental funds - June 30, 2002	\$ 7,877,887
Reclassification of trust funds as special revenue funds	26,259
Reclassification of enterprise funds as special revenue funds	<u>308,162</u>
Restated fund balance - all governmental funds - June 30, 2002	<u>\$ 8,212,308</u>

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

3. DEFICIT FUND BALANCES

At June 30, 2003, the Title I, Eisenhower Grant, and EHA Preschool Handicapped special revenue funds had deficit fund balances of \$18,322, \$23, and \$126, respectively. These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the School 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 monies deposited with the institution. Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$1,114,806 and the bank balance was \$1,364,868. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,264,868 was uninsured and uncollateralized as defined by GASB. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio and U.S. Money Markets are unclassified because they are not evidenced by securities that exist in physical or book entry form.

		<u>Category 2</u>	<u>Fair Value</u>
STAR Ohio	\$	-	1,321,337
U.S. Money Market Fund		-	27,343
U.S. Agency securities		<u>7,282,892</u>	<u>7,282,892</u>
GASB Statement No. 3	\$	<u>7,282,892</u>	<u>8,631,572</u>

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes from Butler County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available for advance can vary based on the date the tax bills are sent.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was \$372,000 in the General Fund. The assessed values upon which fiscal year 2003 taxes were collected are:

	<u>2002 Second- Half Collections</u>		<u>2003 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 408,210,230	91.59%	463,017,130	92.78%
Tangible Personal Property	<u>37,475,420</u>	8.41%	<u>36,057,233</u>	7.22%
Total Assessed Value	\$ <u>445,685,650</u>	100.00%	<u>499,074,363</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$50.30		\$50.30

6. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$6,250 that consists of amounts due from non-major governmental funds. These interfund loans were made to provide operating capital.

During the year ended June 30, 2003, the General Fund made transfers of \$113,125 to non-major governmental funds as well as a transfer of \$7,169 between non-major governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance 7/1/02	Additions	Disposals	Balance 6/30/03
<i>Governmental Activities</i>				
Nondepreciable:				
Land	\$ 788,260	247,967	-	1,036,227
Depreciable:				
Land improvements	1,468,984	-	-	1,468,984
Buildings and improvements	21,408,164	189,511	-	21,597,675
Vehicles	566,958	33,500	(162,901)	437,557
Equipment and furniture	5,773,509	357,185	(79,099)	6,051,595
Educational media	1,298,186	-	-	1,298,186
Subtotal	<u>30,515,801</u>	<u>580,196</u>	<u>(242,000)</u>	<u>30,853,997</u>
Totals at historical cost	<u>31,304,061</u>	<u>828,163</u>	<u>(242,000)</u>	<u>31,890,224</u>
Less accumulated depreciation:				
Land improvements	1,025,016	62,588	-	1,087,604
Buildings and improvements	12,284,266	717,573	-	13,001,839
Vehicles	267,566	42,539	(128,317)	181,788
Equipment and furniture	4,935,404	367,732	(77,404)	5,225,732
Educational media	1,298,186	-	-	1,298,186
Total accumulated depreciation	<u>19,810,438</u>	<u>1,190,432</u>	<u>(205,721)</u>	<u>20,795,149</u>
Capital assets, net	<u>\$ 11,493,623</u>	<u>(362,269)</u>	<u>(36,279)</u>	<u>11,095,075</u>

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 774,737
Special	47,224
Support services:	
Pupil	10,454
Instructional staff	74,678
School administration	50,284
Fiscal	6,352
Operation and maintenance of plant	60,235
Pupil transportation	42,708
Community service	3,382
Extracurricular activities	16,019
Food service	<u>104,359</u>
Total depreciation expense	\$ <u>1,190,432</u>

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the School District participated in the Ohio School Plan, a risk sharing pool (Note 15) for liability, property, auto, and crime insurance to address these various types of risk. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the SERS, 300 East Broad, Columbus, Ohio 43215.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were approximately \$426,000, \$504,000, and \$481,000 respectively; 23% has been contributed for 2003 and 100% for fiscal years 2002 and 2001.

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 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 the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who 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.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2003, 2002, and 2001 were approximately \$1,668,000, \$1,485,000 and \$1,444,000 respectively; 82% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. The unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The School District's liability is 6.2% of wages paid.

10. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2003, the board allocated employer contributions equal to 4.50% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$536,000 during fiscal year 2003. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.011 million at June 30, 2002. For the year ended June 30, 2002, net health care costs paid by STRS were \$354.7 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 2002 were \$182.9 million and the target level was \$274.4 million. At June 30, 2002, SERS' net assets available for payment of health care benefits was \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$260,000 during the 2003 fiscal year.

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Non-certified employees earn five to twenty-five days of vacation per fiscal year, depending upon length of service while administrators receive twenty days of vacation per year. Accumulated, unused vacation time is paid to non-certified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 260 days for administrators and 188 days for teachers and classified staff. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave.

12. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding 7/1/02	Additions	Reductions	Principal Outstanding 6/30/03	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	\$ 215,000	-	(105,000)	110,000	110,000
Lease-purchase agreement	-	250,000	-	250,000	-
Capital leases	159,000	-	(51,000)	108,000	27,000
Pension obligation	184,013	181,696	(184,013)	181,696	181,696
Compensated absences	677,724	210,360	-	888,084	31,915
Total	\$ 1,235,737	642,056	(340,013)	1,537,780	350,611

General Obligation Facilities Bonds - On July 1, 1993, the School District issued voted general obligation bonds for the purpose of school improvements. These bonds are being paid from the Debt Service Fund.

Principal and interest requirements to retire the general obligations bonds outstanding at June 30, 2003, are \$110,000 and \$2,750, respectively, in the year ending June 30, 2004.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Lease-purchase Agreement – In December 2002, the Board authorized financing for the acquisition of land with a lease-purchase agreement through the Ohio Association of School Business Official’s Expanded Asset Pooled Financing Program. The School District is required to make monthly payments of interest only at a variable interest rate with the principal due in January 2008.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences and pension obligation will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$44,806,693 with an unvoted debt margin of \$499,074 at June 30, 2003.

13. CAPITAL LEASES

The School District has leased fitness equipment under a capital lease. The assets under capital lease were recorded at \$159,000, which represented the present value of the future minimum lease payments at acquisition. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2003:

	Year Ending	
	<u>June 30</u>	
	2004	\$ 28,886
	2005	56,364
	2006	<u>27,460</u>
Minimum lease payments		112,710
Less amount representing interest		<u>4,710</u>
Present value of minimum lease payments		<u>\$ 108,000</u>

14. JOINTLY GOVERNED ORGANIZATIONS

Butler County Technology and Career Development Schools

The Butler County Technology and Career Development Schools (BCTCDS), a jointly governed organization, 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 participating school districts’ elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. BCTCDS was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for BCTCDS. To obtain financial information, write to BCTCDS, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA) was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. To obtain financial information, write to SWOCA, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

15. INSURANCE PURCHASING POOLS

Butler County Health Plan

The School District participates in the Butler County Health Plan (BCHP), an insurance purchasing pool, formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. Financial information can be obtained from BCHP at P. O. Box 526, Middletown, Ohio 45042.

Ohio School Plan

The Ohio School Plan (OSP) is an insurance purchasing pool among school districts in Ohio formed for the purpose of establishing a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by OSP. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. The affairs of the corporation are managed by a 13-member Board of Directors made up of school administrators. The School District does not have an equity interest in OSP.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

16. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

Litigation

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

17. REQUIRED SET-ASIDES

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

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2002	\$	-	-	202,876
Current year set-aside requirement		438,644	438,644	-
Less qualifying disbursements		<u>(514,020)</u>	<u>(793,348)</u>	<u>-</u>
Total		<u>(75,376)</u>	<u>(354,704)</u>	<u>202,876</u>
Balance carried to FY2004		<u>-</u>	<u>-</u>	<u>202,876</u>
Cash balance as of June 30, 2003	\$	<u>-</u>	<u>-</u>	<u>202,876</u>

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts could be used to reduce the set aside requirements of future years but the School District has elected not to carry the excess forward. However, the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

The Ohio General Assembly eliminated the requirement for the budget stabilization reserve and effective April 10, 2001, the Board of Education could choose to eliminate the reserve with the exception of rebates received from the Bureau of Workers Compensation. The School District chose not to reduce its budget stabilization reserve.

18. SCHOOL FUNDING DECISION

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

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

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. On December 11, 2002 the Court found the State's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance.

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

TALAWANDA SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2003

19. SUBSEQUENT EVENT

In September 2003, the School District reached an agreement to sell the Stewart Elementary School building to a real estate developer for \$1.6 million. The building had been closed at the end of the 2002-03 school year.

This Page is Intentionally Left Blank.

REQUIRED SUPPLEMENTARY INFORMATION

TALAWANDA SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 11,868,188	11,471,477	11,471,477	-
Tuition and fees	145,551	287,358	287,358	-
Interest	350,000	229,025	229,025	-
Intergovernmental	10,736,094	10,737,983	10,737,983	-
Other local revenues	163,016	211,197	211,197	-
Total revenues	<u>23,262,849</u>	<u>22,937,040</u>	<u>22,937,040</u>	-
Expenditures:				
Current:				
Instruction:				
Regular	11,115,935	10,976,509	10,976,509	-
Special education	1,680,026	1,756,137	1,756,137	-
Other instruction	370,000	497,359	497,359	-
Support services:				
Pupil	1,112,902	1,140,925	1,140,925	-
Instructional staff	1,505,278	1,351,674	1,351,674	-
Board of Education	58,373	61,526	61,526	-
Administration	1,578,977	1,491,984	1,491,984	-
Fiscal	686,104	647,552	647,552	-
Business	8,000	6,464	6,464	-
Operation and maintenance of plant	2,411,681	2,565,854	2,565,854	-
Pupil transportation	1,810,000	1,807,202	1,807,202	-
Central	43,268	72,640	72,640	-
Non-instructional services:				
Extracurricular activities	435,770	417,260	417,260	-
Capital outlay	441,624	995,147	995,147	-
Repayment of debt	-	59,658	59,658	-
Total expenditures	<u>23,257,938</u>	<u>23,847,891</u>	<u>23,847,891</u>	-
Excess of revenues over expenditures	4,911	(910,851)	(910,851)	-
Other financing sources (uses):				
Transfers in	-	24,991	24,991	-
Transfers out	(113,125)	(136,739)	(136,739)	-
Advances in	15,000	-	-	-
Advances out	(15,000)	(6,250)	(6,250)	-
Proceeds from lease-purchase agreement	-	250,000	250,000	-
Other sources	-	8,845	8,845	-
Other uses	(33,303)	(2,734)	(2,734)	-
Total other financing sources (uses)	<u>(146,428)</u>	<u>138,113</u>	<u>138,113</u>	-
Excess of revenues and other sources over expenditures and other (uses)	(141,517)	(772,738)	(772,738)	-
Fund balance, beginning of year	8,581,344	8,581,344	8,581,344	
Prior year encumbrances appropriated	369,550	369,550	369,550	
Fund balance, end of year	<u>\$ 8,809,377</u>	<u>8,178,156</u>	<u>8,178,156</u>	

See accompanying notes to required supplemental information.

TALAWANDA SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information
 Year Ended June 30, 2003

Note A Budgetary Basis of Accounting

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

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

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ (708,623)
Increase / (decrease):	
Due to revenues	305,664
Due to expenditures	257,792
Due to other sources (uses)	1,238
Due to encumbrances	<u>(628,809)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u><u>(772,738)</u></u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

SUPPLEMENTAL SECTION
COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

Talawanda School District, Ohio

Non-major Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private-purpose trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The description of each Special Revenue Fund follows:

The **Public School Support Fund** accounts for specific local revenue sources generated by the individual school buildings. Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

The **Athletic Fund** accounts for student activity programs which have student participation in the activity, but do not have student management of the programs.

The **Auxiliary Service Fund** accounts for state funds which provide services and materials to pupils attending non-public schools within the boundaries of the School District as provided for in state law. Expenditures are primarily for educational supplies, materials, and testing.

The **Professional Development Fund** accounts for state funds which are provided for staff development for certificated employees.

The **Management Information Systems Fund** accounts for state funds which are provided to assist the School District in implementing a staff, student and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

The **Disadvantaged Pupil Impact Aid Fund** accounts for state funds which are designated to assist economically disadvantaged children in the learning process.

The **State Connectivity Fund** accounts for state funds for networking connectivity.

The **Schoolnet Professional Development Fund** accounts for state funds which are provided for staff development in the area of technology.

The **Instructional Material Subsidy Fund** accounts for state funds to purchase instructional materials used to support proficiency test objectives.

The **Ohio Reads Grant Fund** accounts for state funds designated for reading programs.

Talawanda School District, Ohio

Non-major Special Revenue Funds (continued):

The **Summer School Subsidy Fund** accounts for state funds to provide for summer school instruction.

The **Extended Learning Initiative Fund** accounts for state funds to provide extended day learning for children and professional development opportunities for teachers.

The **Miscellaneous State Grants Fund** accounts for state funds which are designated for specific purposes but which are not classified elsewhere.

The **Eisenhower Grant Fund** accounts for federal funds used for the training of teachers in new techniques and methodologies in the areas of mathematics and science.

The **Title VI-B Fund** accounts for federal funds used to provide full educational opportunities to handicapped children at the preschool, elementary and secondary levels, assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

The **Title I Fund** accounts for federal funds for services provided to meet special educational needs of educationally deprived children.

The **Title VI Fund** accounts for federal funds for programs for the at-risk students, instruction materials to improve the quality of instruction, programs of professional development, and programs to enhance personal excellence of students and student achievement.

The **Drug Free Schools Fund** accounts for federal funds supporting the establishment, operation and improvement of programs for drug abuse prevention, early intervention, rehabilitation referral and education in schools.

The **EHA Preschool Handicapped Fund** accounts for federal funds for programs for preschool handicapped children.

The **Erate Fund** accounts for federal funds designated for telecommunications.

The **Reducing Class Size Fund** accounts for federal funds designed to reduce class size.

Talawanda School District, Ohio

Non-major Special Revenue Funds (continued):

The Miscellaneous Federal Grants Fund accounts for various grants received from the federal government that are not classified elsewhere.

The Special Revenue Fund accounts for various local grants and contributions.

The Food Services Fund accounts for the financial transactions related to the food service operation of the School District.

The Uniform School Supply Fund accounts for the purchase and sale of school supplies as adopted by the Board of Education for use in the School District.

Non-major Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Non-major Capital Projects Funds:

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings, additions to existing school buildings, or for major renovation projects, including equipment purchases:

The Permanent Improvement Fund accounts for major improvements or renovations to existing facilities.

The Building Fund accounts for capital expenditures associated with a building program.

The IVDL Grant Fund accounts for state grants for capital assets.

The Schoolnet Fund accounts for state grants to purchase technology and related infrastructure.

Talawanda School District, Ohio

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

The **Special Trust Fund** accounts for donations that are received to provide scholarships and awards to students.

Agency funds are used to account for assets held in a custodial capacity.

The **Student Activities Funds** account for the resources that belong to various student groups in the District. The funds account for sales and other revenue generating activities by student groups which have students involved in the management of the program.

The **Unclaimed Monies Fund** accounts for unclaimed funds from outstanding checks in excess of one year old.

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2003

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Cash and equity in pooled cash and investments	\$ 709,146	9,261	111,212	829,619
Net receivables:				
Accounts	20,799	-	-	20,799
Intergovernmental	138,842	-	-	138,842
Supplies and inventory	<u>21,268</u>	<u>-</u>	<u>-</u>	<u>21,268</u>
Total assets	<u>890,055</u>	<u>9,261</u>	<u>111,212</u>	<u>1,010,528</u>
Liabilities:				
Accounts payable	25,777	-	2,848	28,625
Accrued wages and benefits	129,908	-	-	129,908
Pension obligation payable	26,704	-	-	26,704
Deferred revenue	60,349	-	-	60,349
Interfund loans payable	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>6,250</u>
Total liabilities	<u>248,988</u>	<u>-</u>	<u>2,848</u>	<u>251,836</u>
Fund Balances:				
Reserved for:				
Encumbrances	125,762	-	3,724	129,486
Debt service	-	9,261	-	9,261
Unreserved, reported in:				
Special Revenue Funds	515,305	-	-	515,305
Capital Projects Funds	<u>-</u>	<u>-</u>	<u>104,640</u>	<u>104,640</u>
Total fund balances	<u>641,067</u>	<u>9,261</u>	<u>108,364</u>	<u>758,692</u>
Total liabilities and fund balances	\$ <u>890,055</u>	<u>9,261</u>	<u>111,212</u>	<u>1,010,528</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Extracurricular activities	\$ 77,495	-	-	77,495
Charges for services	764,143	-	-	764,143
Interest	659	66	913	1,638
Intergovernmental	1,184,355	-	55,671	1,240,026
Miscellaneous	128,493	-	-	128,493
Total revenues	<u>2,155,145</u>	<u>66</u>	<u>56,584</u>	<u>2,211,795</u>
Expenditures:				
Current:				
Instruction:				
Regular	300,036	-	-	300,036
Special	493,889	-	-	493,889
Support services:				
Pupil	173,393	-	-	173,393
Instructional staff	191,050	-	21,154	212,204
School administration	117,910	-	-	117,910
Operations and maintenance	5,827	-	-	5,827
Community services	39,001	-	-	39,001
Non-instructional services:				
Extracurricular activities	102,198	-	-	102,198
Food services	877,608	-	-	877,608
Capital outlay	-	-	32,697	32,697
Debt service:				
Principal	-	105,000	-	105,000
Interest and fiscal charges	-	8,125	-	8,125
Total expenditures	<u>2,300,912</u>	<u>113,125</u>	<u>53,851</u>	<u>2,467,888</u>
Excess of revenues over (under) expenditures	<u>(145,767)</u>	<u>(113,059)</u>	<u>2,733</u>	<u>(256,093)</u>
Other financing sources (uses):				
Operating transfers in	7,169	113,125	-	120,294
Operating transfers out	(7,169)	-	-	(7,169)
Total other financing sources (uses)	<u>-</u>	<u>113,125</u>	<u>-</u>	<u>113,125</u>
Net change in fund balances	(145,767)	66	2,733	(142,968)
Fund balance, beginning of year	786,834	9,195	105,631	901,660
Fund balance, end of year	\$ <u>641,067</u>	<u>9,261</u>	<u>108,364</u>	<u>758,692</u>

TALAWANDA SCHOOL DISTRICT, OHIO
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Public School Support	Athletic	Auxiliary Service	Professional Development	Management Information Systems
Assets:					
Equity in pooled cash and investments	\$ 101,263	37,860	35,379	-	11,525
Net receivables:					
Accounts	7,369	1,134	-	-	-
Intergovernmental	-	-	-	-	-
Supplies and inventory	-	-	-	-	-
Total assets	<u>108,632</u>	<u>38,994</u>	<u>35,379</u>	<u>-</u>	<u>11,525</u>
Liabilities:					
Accounts payable	6,261	571	7,020	-	86
Accrued wages and benefits	-	-	-	-	-
Pension obligation payable	-	34	-	-	26
Deferred revenue	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Total liabilities	<u>6,261</u>	<u>605</u>	<u>7,020</u>	<u>-</u>	<u>112</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	2,519	4,498	28,325	-	574
Unreserved-undesignated	99,852	33,891	34	-	10,839
Total fund balances	<u>102,371</u>	<u>38,389</u>	<u>28,359</u>	<u>-</u>	<u>11,413</u>
Total liabilities and fund balances	<u>\$ 108,632</u>	<u>38,994</u>	<u>35,379</u>	<u>-</u>	<u>11,525</u>

<u>Disadvantaged Pupil Impact Aid</u>	<u>State Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>Instructional Material Subsidy</u>	<u>Ohio Reads Grant</u>	<u>Summer School Subsidy</u>	<u>Extended Learning</u>	<u>Misc. State Grants</u>
24,967	4,263	4,600	-	-	976	3,640	11,361
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>24,967</u>	<u>4,263</u>	<u>4,600</u>	<u>-</u>	<u>-</u>	<u>976</u>	<u>3,640</u>	<u>11,361</u>
432	-	-	-	-	193	-	1,345
-	-	-	-	-	-	-	-
-	-	-	-	-	-	70	237
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,750
<u>432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193</u>	<u>70</u>	<u>5,332</u>
24,967	-	-	-	-	-	59	8,364
(432)	4,263	4,600	-	-	783	3,511	(2,335)
<u>24,535</u>	<u>4,263</u>	<u>4,600</u>	<u>-</u>	<u>-</u>	<u>783</u>	<u>3,570</u>	<u>6,029</u>
<u>24,967</u>	<u>4,263</u>	<u>4,600</u>	<u>-</u>	<u>-</u>	<u>976</u>	<u>3,640</u>	<u>11,361</u>

(Continued)

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Balance Sheet (continued)

Nonmajor Special Revenue Funds

June 30, 2003

	Eisenhower Grant	Title VIB	Title I	Title VI	Drug Free Schools
Assets:					
Equity in pooled cash and investments	\$ -	47,789	1,020	2,563	1,782
Net receivables:					
Accounts	-	-	-	-	-
Intergovernmental	-	-	52,109	16,043	2,594
Supplies and inventory	-	-	-	-	-
Total assets	<u>-</u>	<u>47,789</u>	<u>53,129</u>	<u>18,606</u>	<u>4,376</u>
Liabilities:					
Accounts payable	-	288	-	-	-
Accrued wages and benefits	-	17,982	39,488	-	-
Pension obligation payable	23	3,566	6,430	285	25
Deferred revenue	-	-	25,533	16,043	2,594
Interfund loans payable	-	-	-	-	-
Total liabilities	<u>23</u>	<u>21,836</u>	<u>71,451</u>	<u>16,328</u>	<u>2,619</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	-	5,450	98	439	-
Unreserved-undesignated	(23)	20,503	(18,420)	1,839	1,757
Total fund balances	<u>(23)</u>	<u>25,953</u>	<u>(18,322)</u>	<u>2,278</u>	<u>1,757</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>47,789</u>	<u>53,129</u>	<u>18,606</u>	<u>4,376</u>

<u>EHA Preschool Handicapped</u>	<u>Erate</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>TOTAL</u>
191	63,117	1,996	1,939	26,378	231,147	95,390	709,146
-	-	-	-	-	2,278	10,018	20,799
-	-	39,474	-	-	28,622	-	138,842
-	-	-	-	-	21,268	-	21,268
<u>191</u>	<u>63,117</u>	<u>41,470</u>	<u>1,939</u>	<u>26,378</u>	<u>283,315</u>	<u>105,408</u>	<u>890,055</u>
109	-	603	305	2,346	999	5,219	25,777
-	-	12,168	-	-	60,270	-	129,908
208	-	2,675	58	-	13,067	-	26,704
-	-	16,179	-	-	-	-	60,349
-	-	2,500	-	-	-	-	6,250
<u>317</u>	<u>-</u>	<u>34,125</u>	<u>363</u>	<u>2,346</u>	<u>74,336</u>	<u>5,219</u>	<u>248,988</u>
83	-	1,367	-	223	43,156	5,640	125,762
(209)	63,117	5,978	1,576	23,809	165,823	94,549	515,305
(126)	63,117	7,345	1,576	24,032	208,979	100,189	641,067
<u>191</u>	<u>63,117</u>	<u>41,470</u>	<u>1,939</u>	<u>26,378</u>	<u>283,315</u>	<u>105,408</u>	<u>890,055</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2003

	<u>Permanent Improvement</u>	<u>Building</u>	<u>IVDL Grant</u>	<u>School Net</u>	<u>TOTAL</u>
Assets:					
Equity in pooled cash and investments	\$ 70,582	3,265	2,400	34,965	111,212
Total assets	<u>70,582</u>	<u>3,265</u>	<u>2,400</u>	<u>34,965</u>	<u>111,212</u>
Liabilities:					
Accounts payable	-	-	-	2,848	2,848
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,848</u>	<u>2,848</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	1,300	-	2,400	24	3,724
Unreserved-undesignated	69,282	3,265	-	32,093	104,640
Total fund balances	<u>70,582</u>	<u>3,265</u>	<u>2,400</u>	<u>32,117</u>	<u>108,364</u>
Total liabilities and fund balances	\$ <u>70,582</u>	<u>3,265</u>	<u>2,400</u>	<u>34,965</u>	<u>111,212</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Nonmajor Special Revenue Funds
Year Ended June 30, 2003

	Public School Support	Athletic	Auxiliary Service	Professional Development	Management Information Systems
Revenues:					
Extracurricular activities	\$ -	77,495	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	-	36,317	-	11,889
Miscellaneous	120,023	-	-	-	-
Total revenues	<u>120,023</u>	<u>77,495</u>	<u>36,317</u>	<u>-</u>	<u>11,889</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	-	112
Special	-	-	-	-	-
Support services:					
Pupil	143,999	-	-	-	-
Instructional staff	17,227	-	-	5,389	31,162
School administration	-	-	-	-	-
Operations and maintenance	-	60	-	-	-
Community services	-	-	35,881	-	-
Non-instructional services:					
Extracurricular activities	(47)	102,245	-	-	-
Food services	-	-	-	-	-
Total expenditures	<u>161,179</u>	<u>102,305</u>	<u>35,881</u>	<u>5,389</u>	<u>31,274</u>
Excess of revenues over (under) expenditures	(41,156)	(24,810)	436	(5,389)	(19,385)
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(41,156)	(24,810)	436	(5,389)	(19,385)
Fund balance, beginning of year	143,527	63,199	27,923	5,389	30,798
Fund balance, end of year	\$ <u>102,371</u>	<u>38,389</u>	<u>28,359</u>	<u>-</u>	<u>11,413</u>

<u>Disadvantaged Pupil Impact Aid</u>	<u>State Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>Instructional Material Subsidy</u>	<u>Ohio Reads Grant</u>	<u>Summer School Subsidy</u>	<u>Extended Learning</u>	<u>Misc. State Grants</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
26,907	7,763	8,050	-	9,500	-	-	29,250
-	-	-	-	-	-	-	-
<u>26,907</u>	<u>7,763</u>	<u>8,050</u>	<u>-</u>	<u>9,500</u>	<u>-</u>	<u>-</u>	<u>29,250</u>
-	-	5,123	169	7,500	945	-	17,841
40,813	-	-	-	-	-	-	-
-	13,000	-	-	3,000	-	-	-
-	-	48	-	-	-	3,061	4,522
-	-	908	-	-	-	-	-
-	-	-	-	-	-	-	3,530
-	-	-	-	-	-	-	757
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,813</u>	<u>13,000</u>	<u>6,079</u>	<u>169</u>	<u>10,500</u>	<u>945</u>	<u>3,061</u>	<u>26,650</u>
(13,906)	(5,237)	1,971	(169)	(1,000)	(945)	(3,061)	2,600
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(13,906)</u>	<u>(5,237)</u>	<u>1,971</u>	<u>(169)</u>	<u>(1,000)</u>	<u>(945)</u>	<u>(3,061)</u>	<u>2,600</u>
38,441	9,500	2,629	169	1,000	1,728	6,631	3,429
<u>24,535</u>	<u>4,263</u>	<u>4,600</u>	<u>-</u>	<u>-</u>	<u>783</u>	<u>3,570</u>	<u>6,029</u>

(Continued)

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)

All Nonmajor Special Revenue Funds

Year Ended June 30, 2003

	Eisenhower Grant	Title VIB	Title I	Title VI	Drug Free Schools
Revenues:					
Extracurricular activities	\$ -	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	278,566	333,145	3,524	13,610
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>278,566</u>	<u>333,145</u>	<u>3,524</u>	<u>13,610</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	10,858	2,111
Special	-	85,430	358,097	(138)	-
Support services:					
Pupil	-	166	-	-	7,589
Instructional staff	6,061	72,859	5,142	5,457	495
School administration	-	117,002	-	-	-
Operations and maintenance	-	-	-	-	-
Community services	-	-	-	-	1,658
Non-instructional services:					
Extracurricular activities	-	-	-	-	-
Food services	-	-	-	-	-
Total expenditures	<u>6,061</u>	<u>275,457</u>	<u>363,239</u>	<u>16,177</u>	<u>11,853</u>
Excess of revenues over (under) expenditures	(6,061)	3,109	(30,094)	(12,653)	1,757
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers out	(7,169)	-	-	-	-
Total other financing sources (uses)	<u>(7,169)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,230)	3,109	(30,094)	(12,653)	1,757
Fund balance, beginning of year	13,207	22,844	11,772	14,931	-
Fund balance, end of year	\$ <u>(23)</u>	<u>25,953</u>	<u>(18,322)</u>	<u>2,278</u>	<u>1,757</u>

<u>EHA Preschool Handicapped</u>	<u>Erate</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>TOTAL</u>
-	-	-	-	-	-	-	77,495
-	-	-	-	-	620,749	143,394	764,143
-	-	-	-	2	657	-	659
5,466	28,136	122,477	9,876	-	259,879	-	1,184,355
-	-	-	-	8,470	-	-	128,493
<u>5,466</u>	<u>28,136</u>	<u>122,477</u>	<u>9,876</u>	<u>8,472</u>	<u>881,285</u>	<u>143,394</u>	<u>2,155,145</u>
-	-	94,917	12,692	1,703	-	146,065	300,036
5,819	-	-	511	3,357	-	-	493,889
-	-	-	-	5,639	-	-	173,393
-	-	36,776	2,851	-	-	-	191,050
-	-	-	-	-	-	-	117,910
-	2,237	-	-	-	-	-	5,827
-	-	-	705	-	-	-	39,001
-	-	-	-	-	-	-	102,198
-	-	-	-	-	877,608	-	877,608
<u>5,819</u>	<u>2,237</u>	<u>131,693</u>	<u>16,759</u>	<u>10,699</u>	<u>877,608</u>	<u>146,065</u>	<u>2,300,912</u>
(353)	25,899	(9,216)	(6,883)	(2,227)	3,677	(2,671)	(145,767)
-	-	7,169	-	-	-	-	7,169
-	-	-	-	-	-	-	(7,169)
-	-	7,169	-	-	-	-	-
(353)	25,899	(2,047)	(6,883)	(2,227)	3,677	(2,671)	(145,767)
227	37,218	9,392	8,459	26,259	205,302	102,860	786,834
<u>(126)</u>	<u>63,117</u>	<u>7,345</u>	<u>1,576</u>	<u>24,032</u>	<u>208,979</u>	<u>100,189</u>	<u>641,067</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

All Nonmajor Capital Projects Funds

Year Ended June 30, 2003

	<u>Permanent Improvement</u>	<u>Building</u>	<u>IVDL Grant</u>	<u>School Net</u>	<u><i>TOTAL</i></u>
Revenues:					
Interest	\$ 913	-	-	-	913
Intergovernmental	-	-	2,400	53,271	55,671
Total revenues	<u>913</u>	<u>-</u>	<u>2,400</u>	<u>53,271</u>	<u>56,584</u>
Expenditures:					
Current:					
Support services:					
Instructional staff	-	-	-	21,154	21,154
Capital outlay	32,697	-	-	-	32,697
Total expenditures	<u>32,697</u>	<u>-</u>	<u>-</u>	<u>21,154</u>	<u>53,851</u>
Net change in fund balances	(31,784)	-	2,400	32,117	2,733
Fund balance, beginning of year	102,366	3,265	-	-	105,631
Fund balance, end of year	\$ <u>70,582</u>	<u>3,265</u>	<u>2,400</u>	<u>32,117</u>	<u>108,364</u>

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Public School Support Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 122,427	122,427	-
Total revenues	<u>122,427</u>	<u>122,427</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupils	152,104	152,104	-
Instructional staff	<u>17,226</u>	<u>17,226</u>	<u>-</u>
Total expenditures	<u>169,330</u>	<u>169,330</u>	<u>-</u>
Excess of revenues over (under) expenditures	(46,903)	(46,903)	-
Fund balance, beginning of year	129,774	129,774	
Prior year encumbrances appropriated	<u>12,382</u>	<u>12,382</u>	
Fund balance, end of year	\$ <u>95,253</u>	<u>95,253</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Athletic Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 78,071	78,071	-
Total revenues	<u>78,071</u>	<u>78,071</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Operation and maintenance - plant	60	60	-
Extracurricular activities	<u>114,454</u>	<u>114,454</u>	<u>-</u>
Total expenditures	<u>114,514</u>	<u>114,514</u>	<u>-</u>
Excess of revenues over (under) expenditures	(36,443)	(36,443)	-
Fund balance, beginning of year	65,358	65,358	
Prior year encumbrances appropriated	<u>4,395</u>	<u>4,395</u>	
Fund balance, end of year	\$ <u>33,310</u>	<u>33,310</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Auxiliary Services Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ 36,317	36,317	-
Total revenues	<u>36,317</u>	<u>36,317</u>	<u>-</u>
Expenditures:			
Current:			
Community services	73,030	73,030	-
Total expenditures	<u>73,030</u>	<u>73,030</u>	<u>-</u>
Excess of revenues over (under) expenditures	(36,713)	(36,713)	-
Fund balance, beginning of year	27,382	27,382	
Prior year encumbrances appropriated	<u>9,364</u>	<u>9,364</u>	
Fund balance, end of year	\$ <u>33</u>	<u>33</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Professional Development Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	<u>5,497</u>	<u>5,497</u>	<u>-</u>
Total expenditures	<u>5,497</u>	<u>5,497</u>	<u>-</u>
Excess of revenues over (under) expenditures	(5,497)	(5,497)	-
Fund balance, beginning of year	4,894	4,894	
Prior year encumbrances appropriated	<u>603</u>	<u>603</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Management Information Systems Fund

Year Ended June 30, 2003

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental - state and local	\$ 11,889	11,889	-
Total revenues	<u>11,889</u>	<u>11,889</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	112	112	-
Support services:			
Instructional staff	<u>31,848</u>	<u>31,848</u>	<u>-</u>
Total expenditures	<u>31,960</u>	<u>31,960</u>	<u>-</u>
Excess of revenues over (under) expenditures	(20,071)	(20,071)	-
Fund balance, beginning of year	30,308	30,308	
Prior year encumbrances appropriated	<u>628</u>	<u>628</u>	
Fund balance, end of year	\$ <u>10,865</u>	<u>10,865</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Disadvantaged Pupil Impact Aid Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget
Revenues:			
Intergovernmental - state and local	\$ 26,907	26,907	-
Total revenues	<u>26,907</u>	<u>26,907</u>	-
Expenditures:			
Current:			
Instruction:			
Special	65,767	65,767	-
Total expenditures	<u>65,767</u>	<u>65,767</u>	-
Excess of revenues over (under) expenditures	(38,860)	(38,860)	-
Fund balance, beginning of year	37,730	37,730	
Prior year encumbrances appropriated	<u>1,130</u>	<u>1,130</u>	
Fund balance, end of year	\$ <u> -</u>	<u> -</u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 State Connectivity Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ <u>7,763</u>	<u>7,763</u>	<u>-</u>
Total revenues	<u>7,763</u>	<u>7,763</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Pupil	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	(5,237)	(5,237)	-
Fund balance, beginning of year	9,500	9,500	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>4,263</u></u>	<u><u>4,263</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Schoolnet Professional Development Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ 8,050	8,050	-
Total revenues	<u>8,050</u>	<u>8,050</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,623	5,623	-
Support services:			
Instructional staff	5	5	-
Administration	950	950	-
Total expenditures	<u>6,578</u>	<u>6,578</u>	<u>-</u>
Excess of revenues over (under) expenditures	1,472	1,472	-
Fund balance, beginning of year	2,628	2,628	
Prior year encumbrances appropriated	<u>500</u>	<u>500</u>	
Fund balance, end of year	\$ <u>4,600</u>	<u>4,600</u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Instructional Material Subsidy Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instructional:			
Regular	<u>169</u>	<u>169</u>	-
Total expenditures	<u>169</u>	<u>169</u>	<u>-</u>
Excess of revenues over (under) expenditures	(169)	(169)	-
Fund balance, beginning of year	169	169	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Ohio Reads Grant Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ <u>9,500</u>	<u>9,500</u>	<u>-</u>
Total revenues	<u>9,500</u>	<u>9,500</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	7,500	7,500	-
Support services:			
Instructional staff	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total expenditures	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Excess of revenues over (under) expenditures	(1,000)	(1,000)	-
Fund balance, beginning of year	1,000	1,000	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Summer School Subsidy Fund

Year Ended June 30, 2003

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental - state and local	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,399	3,399	-
Support services:			
Instructional staff	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,399</u>	<u>3,399</u>	<u>-</u>
Excess of revenues over (under) expenditures	(3,399)	(3,399)	-
Fund balance, beginning of year	2,150	2,150	
Prior year encumbrances appropriated	<u>2,033</u>	<u>2,033</u>	
Fund balance, end of year	\$ <u><u>784</u></u>	<u><u>784</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Extended Learning Fund

Year Ended June 30, 2003

		<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Intergovernmental - state and local	\$	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues		<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Support services:				
Instructional staff		<u>3,267</u>	<u>3,267</u>	<u>-</u>
Total expenditures		<u>3,267</u>	<u>3,267</u>	<u>-</u>
Excess of revenues over (under) expenditures		(3,267)	(3,267)	-
Fund balance, beginning of year		6,848	6,848	
Prior year encumbrances appropriated		<u>-</u>	<u>-</u>	
Fund balance, end of year	\$	<u><u>3,581</u></u>	<u><u>3,581</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous State Grants Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - state and local	\$ 29,250	29,250	-
Total revenues	<u>29,250</u>	<u>29,250</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	25,000	25,000	-
Support services:			
Instructional staff	5,555	5,555	-
Operation and maintenance - plant	3,430	3,430	-
Pupil transportation	100	100	-
Community services	<u>757</u>	<u>757</u>	<u>-</u>
Total expenditures	<u>34,842</u>	<u>34,842</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(5,592)</u>	<u>(5,592)</u>	<u>-</u>
Other financing sources (uses):			
Advances in	<u>3,750</u>	<u>3,750</u>	<u>-</u>
Total other financing sources (uses)	<u>3,750</u>	<u>3,750</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(1,842)	(1,842)	-
Fund balance, beginning of year	3,494	3,494	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>1,652</u></u>	<u><u>1,652</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Eisenhower Grant Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - federal	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	<u>6,056</u>	<u>6,056</u>	<u>-</u>
Total expenditures	<u>6,056</u>	<u>6,056</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(6,056)</u>	<u>(6,056)</u>	<u>-</u>
Other financing sources (uses):			
Transfers out	<u>(7,169)</u>	<u>(7,169)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,169)</u>	<u>(7,169)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(13,225)	(13,225)	-
Fund balance, beginning of year	11,047	11,047	
Prior year encumbrances appropriated	<u>2,178</u>	<u>2,178</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Title VIB Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - federal	\$ 278,566	278,566	-
Total revenues	<u>278,566</u>	<u>278,566</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	75,213	75,213	-
Support Services:			
Pupil	2,308	2,308	-
Instructional staff	78,881	78,881	-
Administration	<u>118,250</u>	<u>118,250</u>	<u>-</u>
Total expenditures	<u>274,652</u>	<u>274,652</u>	<u>-</u>
Excess of revenues over expenditures	3,914	3,914	-
Fund balance, beginning of year	36,883	36,883	
Prior year encumbrances appropriated	<u>1,255</u>	<u>1,255</u>	
Fund balance, end of year	\$ <u>42,052</u>	<u>42,052</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Title I Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - federal	\$ 306,569	306,569	-
Total revenues	<u>306,569</u>	<u>306,569</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	357,915	357,915	-
Support Services:			
Instructional staff	<u>5,028</u>	<u>5,028</u>	<u>-</u>
Total expenditures	<u>362,943</u>	<u>362,943</u>	<u>-</u>
Excess of revenues over (under) expenditures	(56,374)	(56,374)	-
Fund balance, beginning of year	57,067	57,067	
Prior year encumbrances appropriated	<u>229</u>	<u>229</u>	
Fund balance, end of year	\$ <u>922</u>	<u>922</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Title VI Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - federal	\$ 3,524	3,524	-
Total revenues	<u>3,524</u>	<u>3,524</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	10,821	10,821	-
Support Services:			
Instructional staff	<u>5,649</u>	<u>5,649</u>	<u>-</u>
Total expenditures	<u>16,470</u>	<u>16,470</u>	<u>-</u>
Excess of revenues over (under) expenditures	(12,946)	(12,946)	-
Fund balance, beginning of year	12,951	12,951	
Prior year encumbrances appropriated	<u>2,118</u>	<u>2,118</u>	
Fund balance, end of year	\$ <u><u>2,123</u></u>	<u><u>2,123</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Drug Free Schools Fund

Year Ended June 30, 2003

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental - federal	\$ 13,610	13,610	-
Total revenues	<u>13,610</u>	<u>13,610</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,086	2,086	-
Support Services:			
Pupil	7,589	7,589	-
Instructional staff	495	495	-
Community services	<u>1,658</u>	<u>1,658</u>	<u>-</u>
Total expenditures	<u>11,828</u>	<u>11,828</u>	<u>-</u>
Excess of revenues over expenditures	1,782	1,782	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>1,782</u>	<u>1,782</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

EHA Preschool Handicapped Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - federal	\$ 5,466	5,466	-
Total revenues	<u>5,466</u>	<u>5,466</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	5,275	5,275	-
Support Services:			
Instructional staff	<u>418</u>	<u>418</u>	<u>-</u>
Total expenditures	<u>5,693</u>	<u>5,693</u>	<u>-</u>
Excess of revenues over (under) expenditures	(227)	(227)	-
Fund balance, beginning of year	227	227	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Erate Fund

Year Ended June 30, 2003

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental - federal	\$ 33,599	33,599	-
Total revenues	<u>33,599</u>	<u>33,599</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Operation and maintenance - plant	<u>2,237</u>	<u>2,237</u>	<u>-</u>
Total expenditures	<u>2,237</u>	<u>2,237</u>	<u>-</u>
Excess of revenues over expenditures	31,362	31,362	-
Fund balance, beginning of year	31,755	31,755	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>63,117</u>	<u>63,117</u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Class Size Reduction Grant Fund
 Year Ended June 30, 2003

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental - federal	\$ 99,182	99,182	-
Total revenues	<u>99,182</u>	<u>99,182</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	93,391	93,391	-
Support Services:			
Instructional staff	<u>36,805</u>	<u>36,805</u>	<u>-</u>
Total expenditures	<u>130,196</u>	<u>130,196</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(31,014)</u>	<u>(31,014)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	7,169	7,169	-
Advances in	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total other financing sources (uses)	<u>9,669</u>	<u>9,669</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(21,345)	(21,345)	-
Fund balance, beginning of year	21,370	21,370	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>25</u>	<u>25</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Miscellaneous Federal Grants Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental - federal	\$ 9,876	9,876	-
Total revenues	<u>9,876</u>	<u>9,876</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,743	12,743	-
Special	500	500	-
Support Services:			
Pupil	-	-	-
Instructional staff	2,759	2,759	-
Community services	705	705	-
Total expenditures	<u>16,707</u>	<u>16,707</u>	<u>-</u>
Excess of revenues over (under) expenditures	(6,831)	(6,831)	-
Fund balance, beginning of year	7,205	7,205	
Prior year encumbrances appropriated	<u>1,305</u>	<u>1,305</u>	
Fund balance, end of year	\$ <u>1,679</u>	<u>1,679</u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Special Revenue Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ 2	2	-
Other local revenues	<u>8,470</u>	<u>8,470</u>	-
Total revenues	<u>8,472</u>	<u>8,472</u>	-
Expenditures:			
Current:			
Instruction:			
Regular	1,507	1,507	-
Special	3,071	3,071	-
Support Services:			
Instructional staff	<u>4,437</u>	<u>4,437</u>	-
Total expenditures	<u>9,015</u>	<u>9,015</u>	-
Excess of revenues over (under) expenditures	(543)	(543)	-
Fund balance, beginning of year	26,918	26,918	
Prior year encumbrances appropriated	<u> -</u>	<u> -</u>	
Fund balance, end of year	\$ <u>26,375</u>	<u>26,375</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Food Service Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Charges for services	\$ 622,459	622,459	-
Earnings on investments	966	966	-
Intergovernmental	<u>208,128</u>	<u>208,128</u>	-
Total revenues	<u>831,553</u>	<u>831,553</u>	-
Expenditures:			
Current:			
Food services	<u>881,010</u>	<u>881,010</u>	-
Total expenditures	<u>881,010</u>	<u>881,010</u>	-
Excess of revenues over (under) expenditures	(49,457)	(49,457)	-
Fund balance, beginning of year	224,587	224,587	
Prior year encumbrances appropriated	<u>11,862</u>	<u>11,862</u>	
Fund balance, end of year	\$ <u>186,992</u>	<u>186,992</u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Uniform School Supplies Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Charges for services	\$ 137,623	<u>137,623</u>	<u>-</u>
Total revenues	<u>137,623</u>	<u>137,623</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>158,854</u>	<u>158,854</u>	<u>-</u>
Total expenditures	<u>158,854</u>	<u>158,854</u>	<u>-</u>
Excess of revenues over (under) expenditures	(21,231)	(21,231)	-
Fund balance, beginning of year	88,556	88,556	
Prior year encumbrances appropriated	<u>18,040</u>	<u>18,040</u>	
Fund balance, end of year	\$ <u>85,365</u>	<u>85,365</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Debt Service Fund

Year Ended June 30, 2003

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Earnings on investments	\$ 80	80	-
Total revenues	<u>80</u>	<u>80</u>	<u>-</u>
Expenditures:			
Debt service:			
Repayment of debt	113,125	113,125	-
Total expenditures	<u>113,125</u>	<u>113,125</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(113,045)</u>	<u>(113,045)</u>	<u>-</u>
Other financing sources:			
Transfers in	113,125	113,125	-
Total other financing sources	<u>113,125</u>	<u>113,125</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	80	80	-
Fund balance, beginning of year	9,181	9,181	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	<u>\$ 9,261</u>	<u>9,261</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Permanent Improvement Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ 1,050	1,050	-
Total revenues	<u>1,050</u>	<u>1,050</u>	<u>-</u>
Expenditures:			
Facilities acquisition and construction	35,833	35,833	-
Total expenditures	<u>35,833</u>	<u>35,833</u>	<u>-</u>
Excess of revenues over expenditures	(34,783)	(34,783)	-
Fund balance, beginning of year	88,591	88,591	
Prior year encumbrances appropriated	<u>15,475</u>	<u>15,475</u>	
Fund balance, end of year	\$ <u><u>69,283</u></u>	<u><u>69,283</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Building Fund
 Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Facilities acquisition and construction	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	3,265	3,265	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>3,265</u></u>	<u><u>3,265</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

IVDL Grant Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 2,400	2,400	-
Total revenues	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Expenditures:			
Instruction:			
Regular	2,400	2,400	-
Total expenditures	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Fund

Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Other local revenues	\$ 53,271	53,271	-
Total revenues	<u>53,271</u>	<u>53,271</u>	<u>-</u>
Expenditures:			
Support services:			
Instructional staff	21,178	21,178	-
Total expenditures	<u>21,178</u>	<u>21,178</u>	<u>-</u>
Excess of revenues over (under) expenditures	32,093	32,093	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>32,093</u></u>	<u><u>32,093</u></u>	

TALAWANDA SCHOOL DISTRICT, OHIO

Combining Statement of Net Assets

Agency Funds

June 30, 2003

	<u>Agency Funds</u>		
	<u>Student</u>	<u>Unclaimed</u>	<u>Total</u>
	<u>Activities</u>	<u>Monies</u>	
Assets:			
Equity in pooled cash and investments	\$ 56,203	10,676	66,879
Total assets	<u>56,203</u>	<u>10,676</u>	<u>66,879</u>
Liabilities:			
Due to student groups	56,203	-	56,203
Due to others	-	10,676	10,676
Total liabilities	\$ <u>56,203</u>	<u>10,676</u>	<u>66,879</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

Talawanda School District, Ohio

STATISTICAL SECTION

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

Fiscal Year	Instruction	Pupil Support Services	Instructional Support Services	Administration	Business and Fiscal Services	Operations and Maintenance	Pupil Transportation	Other	Extracurricular Activities	Capital Outlay	Debt Service	Total Expenditures
1994	\$7,785,753	\$509,944	\$617,718	\$1,232,531	\$438,945	\$1,741,758	\$997,096	\$1,442	\$116,821	\$8,334	\$0	\$13,450,342
1995	8,509,845	570,701	589,075	1,219,166	454,256	1,777,822	1,079,737	\$1,660	\$129,526	\$5,400	\$0	\$14,337,188
1996	9,003,834	531,266	560,144	1,368,524	471,393	1,918,998	1,123,852	858	142,443	2,553	0	15,123,865
1997	9,643,830	702,033	639,589	1,384,358	415,623	1,957,175	1,262,280	177	168,431	1,560	0	16,175,056
1998	9,826,491	694,608	831,381	1,549,974	467,896	1,880,861	1,331,461	1,163	182,326	22,153	0	16,788,314
1999	10,253,841	747,972	825,218	1,454,085	461,623	1,820,162	1,303,432	9,717	218,427	255,156	0	17,349,633
2000	11,163,989	868,495	812,380	1,391,599	457,066	2,071,859	1,646,206	8,236	300,085	321,580	0	19,041,495
2001	10,832,316	874,597	1,331,577	1,462,001	532,234	2,139,788	1,651,750	22,231	374,460	188,903	0	19,409,857
2002	12,096,460	1,044,849	1,418,578	1,506,393	639,196	2,248,009	1,737,536	19,568	394,164	285,465	0	21,390,218
2003	13,429,050	1,166,304	1,302,987	1,517,840	653,687	2,415,159	1,701,845	30,863	431,734	767,747	59,658	23,476,874

Source: Talawanda Schools records

(1) Includes the expenditures of the General Fund Only

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

Fiscal Year	Taxes	Tuition and Fees	Earnings on Investments	Inter-governmental	Other	Total Revenues
1994	\$6,769,151	\$64,748	\$77,177	\$7,355,245	\$110,188	\$14,376,509
1995	7,037,208	22,701	172,371	7,674,096	119,039	15,025,415
1996	7,778,985	69,003	219,398	8,410,263	71,574	16,549,223
1997	7,233,167	53,782	264,895	8,572,477	74,346	16,198,667
1998	8,153,193	63,014	355,661	9,136,530	114,514	17,822,912
1999	9,575,477	89,143	342,700	7,756,339	80,948	17,844,607
2000	7,724,150	170,278	448,941	10,892,698	345,376	19,581,443
2001	10,386,023	260,319	395,466	10,375,461	193,508	21,610,777
2002	11,208,220	232,326	352,302	11,073,886	150,528	23,017,262
2003	11,120,771	354,513	239,549	10,737,983	178,560	22,631,376

Source: Talawanda Schools records

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

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

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collection To Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Levy
1993	\$9,547,590	\$8,892,486	93.14%	\$307,661	\$9,200,147	96.36%	\$347,443	3.64%
1994	9,992,468	8,999,098	90.06%	241,035	9,240,133	92.47%	752,335	7.53%
1995	10,016,961	9,512,266	94.96%	297,720	9,809,986	97.93%	206,975	2.07%
1996	10,264,285	9,905,047	96.50%	261,500	10,166,547	99.04%	304,714	2.96%
1997 (3)	9,726,348	9,558,633	98.28%	284,420	9,843,053	101.20%	167,715	1.72%
1998 (4)	9,573,273	9,421,293	98.41%	211,860	9,633,153	100.63%	151,980	1.59%
1999	9,717,764	9,464,683	97.40%	249,440	9,714,123	99.96%	165,791	1.71%
2000 (5)	10,059,071	9,813,439	97.56%	249,440	10,062,879	100.04%	165,791	1.65%
2001	11,795,523	10,019,952	84.95%	1,572,990	11,592,942	98.28%	426,620	3.62%
2002	13,138,167	11,823,421	89.99%	339,349	12,162,770	92.58%	580,679	4.42%

Source: Butler County Auditor

- (1) Taxes levied and collected are presented on a cash and calendar year basis.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) Taxes levied and collected reduced due to the 5.5 mill reduction of a bond retirement levy
- (4) Taxes levied and collected reduced due to the 2.5 mill reduction of a bond retirement levy
- (5) Outstanding Delinquent Taxes were not available from the Butler County Auditor therefore amount was estimated.

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

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	Ratio (1)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value		Estimated Actual Value
	1994	\$252,572,290	\$721,635,114	\$11,740,390	\$46,961,560	\$26,331,540	\$29,922,205		\$290,644,220
1995	259,393,820	741,125,200	11,981,519	47,926,076	28,156,210	31,995,693	299,531,549	821,046,969	36.48%
1996	270,920,450	774,058,429	13,320,221	53,280,884	27,088,000	30,781,818	311,328,671	858,121,131	36.28%
1997	315,611,160	901,746,171	14,025,973	56,103,892	27,451,390	31,194,761	357,088,523	989,044,824	36.10%
1998	323,685,480	924,815,657	21,669,725	86,678,900	26,516,130	30,131,966	371,871,335	1,041,626,523	35.70%
1999	332,191,690	949,119,114	19,383,947	77,535,788	26,801,330	30,456,057	378,376,967	1,057,110,959	35.79%
2000	391,766,030	1,119,331,514	21,323,679	85,294,716	27,165,400	30,869,773	440,255,109	1,235,496,003	35.63%
2001	400,689,150	1,144,826,143	20,880,717	83,522,868	25,289,900	28,738,523	446,859,767	1,257,087,534	35.55%
2002	408,210,230	1,166,314,943	20,010,220	80,040,880	17,465,200	19,846,818	445,685,650	1,266,202,641	35.20%
2003	463,017,130	1,322,906,086	17,478,223	69,912,892	18,579,010	21,112,511	499,074,363	1,413,931,489	35.30%

Source: Butler County Auditor

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

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

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Tax Year	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Collection Year	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Talawanda City Schools	50.30	50.30	50.30	43.80	43.80	43.80	46.30	51.80	51.80	51.80
City of Oxford	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Oxford Township	7.84	7.84	7.84	7.84	7.84	7.84	7.84	5.84	5.84	5.84
Reily Township	7.39	7.39	7.39	7.39	7.39	5.39	5.39	5.39	5.39	5.39
Milford Township	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74
Hanover Township	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72
Butler County	8.75	8.45	8.45	8.44	8.44	8.44	8.44	7.44	7.45	7.44
Butler County Joint Vocational School	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.94
Total Rate	88.32	88.02	88.02	81.51	81.51	79.51	82.01	84.51	84.52	84.52

Source: Butler County Treasurer

TALAWANDA SCHOOL DISTRICT, OHIO
 PRINCIPAL PROPERTY TAXPAYERS
 JUNE 30,2003

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

Source: Butler County Auditor

**TALAWANDA SCHOOL DISTRICT, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2003**

Overall Direct Debt Limitation

Direct Debt Limitation		
9% of Assessed Valuation		\$44,916,693

Amount available in Debt Service Fund		0
---------------------------------------	--	---

Gross indebtedness	110,000	
Less:		
Debt exempt from Limitation	<u>0</u>	

Debt subject to 9% Limitation		<u>110,000</u>
-------------------------------	--	----------------

Legal Debt Margin within 9% Limitation		<u><u>\$44,806,693</u></u>
--	--	----------------------------

Direct Debt Limitation		
.1% of Assessed Valuation		\$499,074

Amount available in Debt Service Fund		0
---------------------------------------	--	---

Gross indebtedness	0	
Less:		
Debt exempt from Limitation	<u>0</u>	

Debt subject to .1% Limitation		<u>0</u>
--------------------------------	--	----------

Legal Debt Marigin within .1% Limitation		<u><u>\$499,074</u></u>
--	--	-------------------------

Source: Talawanda School District records

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

Collection Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%)	Estimated Net Bonded Debt per Capita
1994	35,866	\$290,644,220	\$4,050,000	\$531,097	\$3,518,903	1.21%	98
1995	35,866	299,531,549	3,335,000	530,535	2,804,465	0.94%	78
1996	35,866	311,328,671	2,605,000	291,793	2,313,207	0.74%	64
1997	35,866	357,088,523	1,855,000	776,264	1,078,736	0.30%	30
1998	35,866	371,871,335	1,090,000	702,852	387,148	0.10%	11
1999	35,866	378,376,967	500,000	104,469	395,531	0.10%	11
2000	35,866	440,255,109	410,000	0	410,000	0.09%	11
2001	34,968	446,859,767	315,000	0	315,000	0.07%	9
2002	34,968	445,685,650	215,000	0	215,000	0.05%	6
2003	34,968	499,074,363	110,000	0	110,000	0.02%	3

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures(%)
1994	\$640,000	\$273,089	\$913,089	\$13,460,331	6.78%
1995	715,000	226,764	941,764	14,346,456	6.56%
1996	730,000	215,139	945,139	15,148,179	6.24%
1997	750,000	158,200	908,200	16,210,530	5.60%
1998	765,000	94,763	859,763	17,065,972	5.04%
1999	590,000	43,188	633,188	17,496,234	3.62%
2000	90,000	22,750	112,750	18,997,188	0.59%
2001	95,000	18,125	113,125	19,523,460	0.58%
2002	100,000	13,250	113,250	21,771,880	0.52%
2003	105,000	8,125	113,125	23,476,874	0.48%

Source: Talawanda Schools records

TALAWANDA SCHOOL DISTRICT, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30,2003

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to School District</u>	<u>Amount Applicable to District</u>
Direct:			
Talawanda City School District	\$110,000	100.00%	\$110,000
Overlapping:			
City of Oxford	\$3,570,000	100.00%	\$3,570,000
Butler County	83,941,600	7.05%	5,917,883
Preble County	6,031,771	0.49%	29,556
Hanover Township	254,666	64.79%	164,998
City of Hamilton	13,527,052	3.46%	468,036
Butler County Joint Vocational School District	7,995,000	8.18%	653,991
Total Overlapping Debt	<u>\$115,320,089</u>		<u>\$10,804,464</u>
Total Direct and Overlapping Debt	<u><u>\$115,430,089</u></u>		<u><u>\$10,914,464</u></u>

Source: Ohio Municipal Advisory Council

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

Fiscal Year	Population	School Enrollment	Unemployment Rate
1994	35,866	3,478	5.50%
1995	35,866	3,581	4.20%
1996	35,866	3,603	4.30%
1997	35,866	3,636	4.20%
1998	35,866	3,559	3.50%
1999	35,866	3,407	3.70%
2000	35,866	3,153	3.30%
2001	34,968	3,108	3.20%
2002	34,968	3,118	5.00%
2003	34,968	3,108	4.10%

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

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

Fiscal Year	Construction (1)	Bank Deposits (2)	Property Values (3)
1994	\$5,368,970	\$713,488,000	\$252,572,290
1995	12,437,960	750,113,000	259,393,820
1996	9,684,930	800,556,000	270,920,450
1997	8,045,340	918,777,000	315,611,160
1998	8,419,490	825,082,000	323,685,480
1999	7,144,050	877,325,000	332,191,690
2000	5,135,190	923,585,000	391,766,030
2001	8,114,500	1,146,859,000	400,689,150
2002	10,020,580	1,126,097,000	445,685,650
2003	N/A	895,843,000	499,074,363

- Sources:
- (1) Butler County Auditor's Office, Hamilton, Ohio (1994-2002)
 Represents Talawanda School District Construction.
 2003 not available at the time this report was published.
 - (2) Total deposits of all banks headquartered in Butler County.
 Federal Reserve Bank, Cleveland, Ohio
 - (3) Butler County Auditor's Office, Hamilton, Ohio.

**TALAWANDA SCHOOL DISTRICT, OHIO
 OXFORD AREA LARGEST EMPLOYERS
 JUNE 30,2003**

EMPLOYER	NUMBER OF EMPLOYEES	TYPE OF BUSINESS
Miami University	3,500	Higher Education
Square D Company	400	Manufacturer
McCullough-Hyde Memorial Hospital	450	Medical
Talawanda City Schools	390	Primary and Secondary Education
Walmart	200	Discount retailer
Oxford View Nursing Home	165	Nursing home
Kroger Company	133	Food retailer
City of Oxford	107	Municipality
McDonalds	76	Restaurant

Source: Oxford Chamber of Commerce

TALAWANDA SCHOOL DISTRICT, OHIO
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30,2003

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

Number of Schools

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

Number of Teachers, Levels of Degree and Years of Experience

Degree	Education	
	Number of Teachers	% of Total
Bachelor's	30	13.39%
Bachelor's + 15	4	1.79%
Bachelor's 150 Hours	83	37.05%
Master's	44	19.64%
Master's + 15	32	14.29%
Master's + 30	31	13.84%
Total	<u>224</u>	<u>100.00%</u>

Years of Experience	Experience	
	Number of Teachers	% of Total
0 - 5	72	32.14%
6 - 10	37	16.52%
11 - 15	37	16.52%
16 - 20	23	10.27%
21 - 25	25	11.16%
26 - OVER	30	13.39%
TOTAL	<u><u>224</u></u>	<u><u>100.00%</u></u>



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

TALAWANDA CITY SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 18, 2003**