



**Auditor of State
Betty Montgomery**

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$192,390		\$192,390
National School Breakfast Program	05-PU	10.553	113,954		113,954	
National School Lunch Program	LL-P4	10.555	978,393		978,393	
Child/Adult Food Program	21-FP	10.558	2,863		2,863	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>1,095,210</u>	<u>192,390</u>	<u>1,095,210</u>	<u>192,390</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	2,272,467		2,147,342	
Special Education - Preschool Grant	PG-S1	84.173	47,132		46,545	
Total Special Education Cluster			<u>2,319,599</u>	<u>0</u>	<u>2,193,887</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	1,035,773		1,079,404	
Vocational Education Basic Grants to State	20-C1	84.048	168,319		142,076	
Drug-Free Schools Grant	DR-S1	84.186	48,250		47,372	
Innovative Education Program Grant	C2-S1	84.298	89,324		106,045	
Technology Literacy Challenge	TJ-S1	84.318	25,307		30,712	
Title III LEP	T3-S1	84.365	19,134		16,615	
Title II	TR-S1	84.367	320,266		324,575	
OCIS Awareness	DE-00	84.346	0		1,316	
Total Department of Education			<u>1,706,373</u>	<u>0</u>	<u>1,748,115</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Community Alternative Funding System (CAFS)		93.778	1,232		1,232	
Total U.S. Department of Health and Human Services			<u>1,232</u>	<u>0</u>	<u>1,232</u>	<u>0</u>
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u>						
<i>Passed Through Ohio Emergency Management Agency:</i>						
Public Assistance Program-Snow Emergency Assistance	EM-061-03BA9	97.036	13,871		13,871	
Total U.S. Department of Federal Emergency Management Assistance			<u>13,871</u>	<u>0</u>	<u>13,871</u>	<u>0</u>
Totals			<u>\$5,136,285</u>	<u>\$192,390</u>	<u>\$5,052,315</u>	<u>\$192,390</u>

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

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northwest Local School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 22, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 22, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 22, 2005



Auditor of State Betty Montgomery

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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

Compliance

We have audited the compliance of Northwest Local School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 22, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 22, 2005

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.550, 10.553, 10.555, 10.558 Nutrition Cluster; CFDA #84.010 Title I; CDFA #84.298 Innovative Education
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

NORTHWEST LOCAL SCHOOL DISTRICT

CINCINNATI, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Prepared by:
Office of the Treasurer

Randy L. Seymour
Treasurer

NORTHWEST LOCAL SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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NORTHWEST LOCAL SCHOOL DISTRICT, OHIO
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NORTHWEST LOCAL SCHOOL DISTRICT

3240 BANNING ROAD • CINCINNATI, OHIO 45239 • 513-923-1000 • FAX: 513-923-3644

BOARD MEMBERS

James F. Lay - President
Pamela L. Detzel - Vice President
Dr. Christopher Heather - Member
Frederick E. Hunt, III - Member
Karen Sims - Member

Margaret M. Rennie - Superintendent
Randy L. Seymour - Treasurer

December 22, 2005

To The Citizens and Board of Education of the Northwest Local School District:

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

The Comprehensive Annual Financial Report is divided into three sections:

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

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

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

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

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund, because of the District's administrative involvement in the program. The parochial/private schools served

are: Beautiful Savior Lutheran School, LaSalle High School, St. Ann, St. Bernard, St. Ignatius, St. James and St. John Elementary Schools. While these organizations share operational and service similarity with the District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

ECONOMIC CONDITION AND OUTLOOK

The District is located in southwestern Ohio, a suburb of Cincinnati, in the north part of Hamilton County. Approximately 73% of the District’s tax base are agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains very positive with low unemployment rates, growth in the local tax base, and low inflationary pressures.

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

THE DISTRICT AND ITS FACILITIES

The District is located in Hamilton County, approximately 12 miles from downtown Cincinnati, Ohio, and covers an area of 54 square miles. It serves pupils from Colerain, Green, Ross and Springfield Townships, with Colerain Township serving as its nucleus. Since 1960, the growth pattern in the District has been strong.

The District now houses 10,561 students in two high schools, three middle schools, nine elementary schools and two career centers. Each high school has an on-campus career center offering such programs as word processing, accounting and computing, data processing, diesel mechanics, machine tool technology, facilities maintenance and electronics. The District is the only local school district in Hamilton County with its own vocational program.

<i>Constructed</i>	<i>School/Address</i>	<i>October, 2005 Enrollment</i>
1923	Colerain Elementary 4850 Poole Road	695
1932	Colerain Middle School 4700 Poole Road	730
1959	Struble Elementary 2760 Jonrose Ave.	376
1960	Taylor Elementary 3173 Springdale Road	500

<i>Constructed</i>	<i>School/Address</i>	<i>October, 2005 Enrollment</i>
1961	White Oak Middle School 3130 Jessup Road	782
1961	Pleasant Run Elementary 11765 Hamilton Ave.	509
1964	Colerain High School 8801 Cheviot Road	2,277
1965	Weigel Elementary 3242 Banning Road	505
1966	Houston Elementary 3310 Compton Road	475
1969	Pleasant Run Middle 11770 Pippin Road	923
1970	Bevis Elementary 10133 Pottinger Road	486
1972	Northwest High School 10761 Pippin Road	1,226
1977	Welch Elementary 12084 Deerhorn Drive	349
2000	Monfort Heights Elementary 3711 West Fork Road	728

ORGANIZATION OF THE SCHOOL DISTRICT

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

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

<i>Board Member</i>	<i>Began Service</i>	<i>Term Expires</i>	<i>Profession</i>
Pam Detzel	January, 1998	December, 2005	Administrative Assistant
Christopher Heather	January, 2002	December, 2005	Entrepreneur
Fred E. Hunt, III	November, 2004	December, 2005	Business Executive
James Lay	January, 2004	December, 2007	Consultant
Karen Sims	August, 2004	December, 2005	Professor

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. Ms. Margaret Rennie was appointed Superintendent in 2005. Ms. Rennie received her Bachelor of Science in Education from Miami University and earned her Master of Education from Xavier University. She has been employed by the Northwest Local School District for the past 31 years. During this tenure, Ms. Rennie has served as a teacher, counselor, assistant principal, director of community services, director of human resources and assistant superintendent.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mr. Randy L. Seymour was appointed Treasurer of the District in January, 1979. Mr. Seymour holds a B.B.A. Degree from the University of Cincinnati and did graduate work at Xavier University and the University of Cincinnati.

EMPLOYEE RELATIONS

The District currently has approximately 1,243 full-time and 72 part-time employees. The number of employees has been steady for the last several years. During the 2005 fiscal year, the District paid, from its General Fund \$51,013,203 in salaries and wages, and \$14,039,852 in fringe benefits, such as retirement contributions, workers' compensation, and life and health benefits.

The District's teachers are represented for collective bargaining purposes by the Northwest Association of Educators [NAE]. The District has a three year collective bargaining agreement with NAE which expires August 31, 2006. The District's transportation employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees [OAPSE]. The District has a three year collective bargaining agreement with OAPSE which expires June 30, 2006.

SERVICES PROVIDED

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

Transportation is provided for over 9,486 students each day. The District fleet of 85 buses travels over 5,944 miles each day transporting to 29 different sites. In addition to making more than 565 daily runs, the department transported both public and non-public students on 1,948 extra-curricular trips during the year.

The food service department served 957,220 plate lunches through the District's 14 kitchens. This is accomplished through the full operation of 12 kitchens and 2 satellite sites, as well as a central bakery. The District currently offers a breakfast program at three elementary sites and two middle school sites.

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

Limited health services are provided by health assistants at each of the 14 school sites under the supervision of a registered nurse.

The District offers regular instructional programs daily to students in grades K-12. There are approximately 507 students in the specific trades through career technical education. Over 1,297 students receive special services, due to physical or mental handicapping conditions. In grades 4-8, approximately 241 students participated in the gifted program. The District presented 677 high school diplomas in 2005.

MAJOR CURRENT AND FUTURE INITIATIVES

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

Mission

We champion life-long learning, affording all students the knowledge and skills necessary to realize their full potential in life.

Vision

We provide quality and innovation in educational programming and instruction, enabling all students to successfully confront the challenges of the future.

Beliefs

- *We believe all students are the focus of our endeavors.*
- *We are committed to quality education that challenges students.*
- *We are committed to safe schools that are an integral part of our community.*
- *We are committed to caring, knowledgeable professionals who engage students in innovative learning.*
- *We are committed to the essential involvement of parents in their children's education.*
- *We are committed to partnerships that enhance students' ability to connect their education with the world of work and life-long learning.*
- *We encourage students to value others, to be responsive to civic obligations that strengthen our diverse student body and community.*

CHALLENGES FOR 2005-2006 AND BEYOND

- Continue to provide a quality education for each student in the District
- Continue to align district curriculum to state Academic Content Standards
- Achieve district and state targets for student achievement
- Achieve an Excellent rating on the Local Report Card
- Meet the federal mandates of No Child Left Behind
- Recruit and retain quality staff
- Provide time and resources for high quality professional development at the District and building levels
- Continue to utilize technology to support student learning
- Increase enrichment and intervention opportunities for students K-12

DISTRICT GOALS FOR 2005-2006

DISTRICT FOCUS: IMPROVE STUDENT ACHIEVEMENT

Goal 1: Improve instructional strategies.

Continue using engaged learning strategies in every classroom.

Expand academic intervention/enrichment programs.

Implement high quality research based programs and classroom instructional strategies to ensure excellence and equity for all students.

Provide quality staff development opportunities based on building or district needs.

Ensure a respectful classroom for all students

Goal 2: Align district curriculum and classroom instruction with the Ohio Academic Content standards and proficiency/achievement tests.

Infuse standards into long-range plans for instruction.
Provide staff development opportunities to share curriculum mapping and state standards with stakeholders using vertical and horizontal teams when appropriate.
Train teachers and administrators in content of Ohio Academic Content Standards as they are adopted by State of Ohio Department of Education.
Ensure standards-based instruction in each core area classroom.

Goal 3: Use data effectively to improve results for students, buildings and the district.

Use data to determine academic placement and programming for students.
Use quantitative and qualitative data to evaluate the effectiveness of programs and instructional strategies.
Use formative assessments to inform instruction.

Goal 4: Implement high achieving middle schools.

Continue to implement middle school redesign in grades 6, 7 and 8 based on the components of high achieving middle schools.
Continue to communicate the tenets of effective middle schools and the implementation plan with the Board, school staff, parents and the community.

CURRICULUM AND INSTRUCTION

Curriculum work centers around student proficiency on state academic content standards in mathematics, English language arts, social studies and science. All work is organized by a two-year process of Year 1: knowing and planning with the academic content standards and Year 2: teaching and assessing with the academic content standards. During the 2004-2005 school year, K-10 teachers were involved in the knowing and planning phase for social studies and science and in the teaching and assessing phase for mathematics and English language arts.

During the knowing and planning phase, Instructional Specialists guide district-wide teams through a series of activities that promote discussion of what the academic content standards mean in terms of student learning in their classrooms. The teams then develop a quarterly curriculum map to be used district-wide. During the teaching and assessing phase, the curriculum map is implemented in the classroom and district-wide assessments are developed by teachers for instruction. Remediation and enrichment occurs around the content of these standards.

A number of programs have been implemented to assist students in their learning of the academic content standards, particularly in the areas of reading and mathematics. The elementary buildings have implemented Dynamic Indicators Basic Early Literary Skills testing with its accompanying intervention techniques. During the 2004-2005 school year, they implemented the comprehensive literacy approach to language arts instruction. This approach involved assessing all students' instructional reading levels and leveling student readers and trade books. The majority of the professional development work at the elementaries, during 2004-2005, centered around comprehensive literacy.

The middle schools began a redesign process, during 2002-2003, with a study of "Best Practices" from the National Middle School Association. During the 2003-2004 school year, these practices were put into place in the sixth grade of each middle school and continue to be redesigned through the 2004-2005 school year. Plans

were also developed for 7th and 8th grades implementation in all middle schools. Components of the redesign essential to improving student achievement are the academic enrichment bell, extending language arts and extending math classes. During the academic enrichment bell, students receive remediation or enrichment on specific reading and mathematics content objectives. During extending language arts and extending math classes, students, who are most at risk, are served with special programming in smaller classes.

The high schools have refined their block scheduling program to provide more time for some students to accomplish the challenging standards necessary for passage of the Ohio Graduation Test. Collaboratives, academies and peer support are in place to provide necessary intervention for ninth and tenth graders. Career Technology teachers are joining their main building colleagues in teaching reading and vocabulary strategies within their content areas.

Elementary and middle schools provide extended learning opportunities after school to over 1,000 students prior to the March state testing date. These programs, taught by district personnel, focus on district-wide areas of weakness in grades 3-6. A combination of local, state and federal funds were used to support these programs.

The District is focused on its goal of improving student achievement. It continues to evaluate the programming needs of its diverse population with the goal of becoming an excellent District.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

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

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

LONG-RANGE BUILDING AND MAINTENANCE PLANS

The District maintains a three year building maintenance program. This program is generated through input provided by each building administrator in an annual preventive maintenance check list. This three year plan provides the District direction for implementing maintenance and renovation projects and contributes to the financial planning and projection of costs for these projects.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

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

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

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

FINANCIAL CONDITION

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

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

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

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

As part of this report, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2005 and the outlook for the future.

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$492,314 for the year ended June 30, 2005.

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

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

RISK MANAGEMENT

The District constantly faces the risk of loss of assets by fire, storm, theft, accident or other catastrophes. Generally, the District shifts the burden of such losses by entering into a casualty insurance contract whereby an

insurance company, in consideration of a premium payment, assumes the risk of all or a portion of these losses. The Cincinnati Insurance Company provides insurance coverage on the buildings and contents, boiler and machinery, burglary/robbery/theft (inside and outside), earthquake, mobile instruction units, and radio and communication equipment. The Ohio School Plan provides our liability insurance and insures our fleet of vehicles.

All employees are covered under the District's liability policy with Ohio School Plan. The limits of liability are \$2,000,000 for each occurrence and \$2,000,000 in aggregate.

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

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The Auditor of State's unqualified opinion rendered on the District's basic financial statements, combining statements and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement

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

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASBO Certificate

The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the

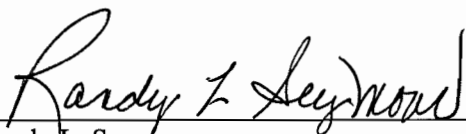
Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Randy L. Seymour". The signature is written in black ink and is positioned above a horizontal line.

Randy L. Seymour
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northwest Local
School District,
Ohio

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

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



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

NORTHWEST LOCAL SCHOOL DISTRICT

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

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


President


Executive Director

LIST OF PRINCIPAL OFFICIALS
As of June 30, 2005

ELECTED OFFICIALS

James F. Lay President, Board of Education
Pamela Detzel..... Vice-President, Board of Education
Christopher Heather Board Member
Fred E. Hunt, III Board Member
Karen Sims Board Member

ADMINISTRATIVE OFFICE PERSONNEL

Margaret M. Rennie Superintendent
J. Richard Glatfelter Assistant Superintendent
Judith Vermillion..... Associate Superintendent of Instruction
Lester I. Tacy Associate Superintendent of Business Services
Debra Hopper Director of Staff Development
Gregory Hester Director of Student Services
Diane Brunsman Director of Human Resources
Randy L. Seymour Treasurer

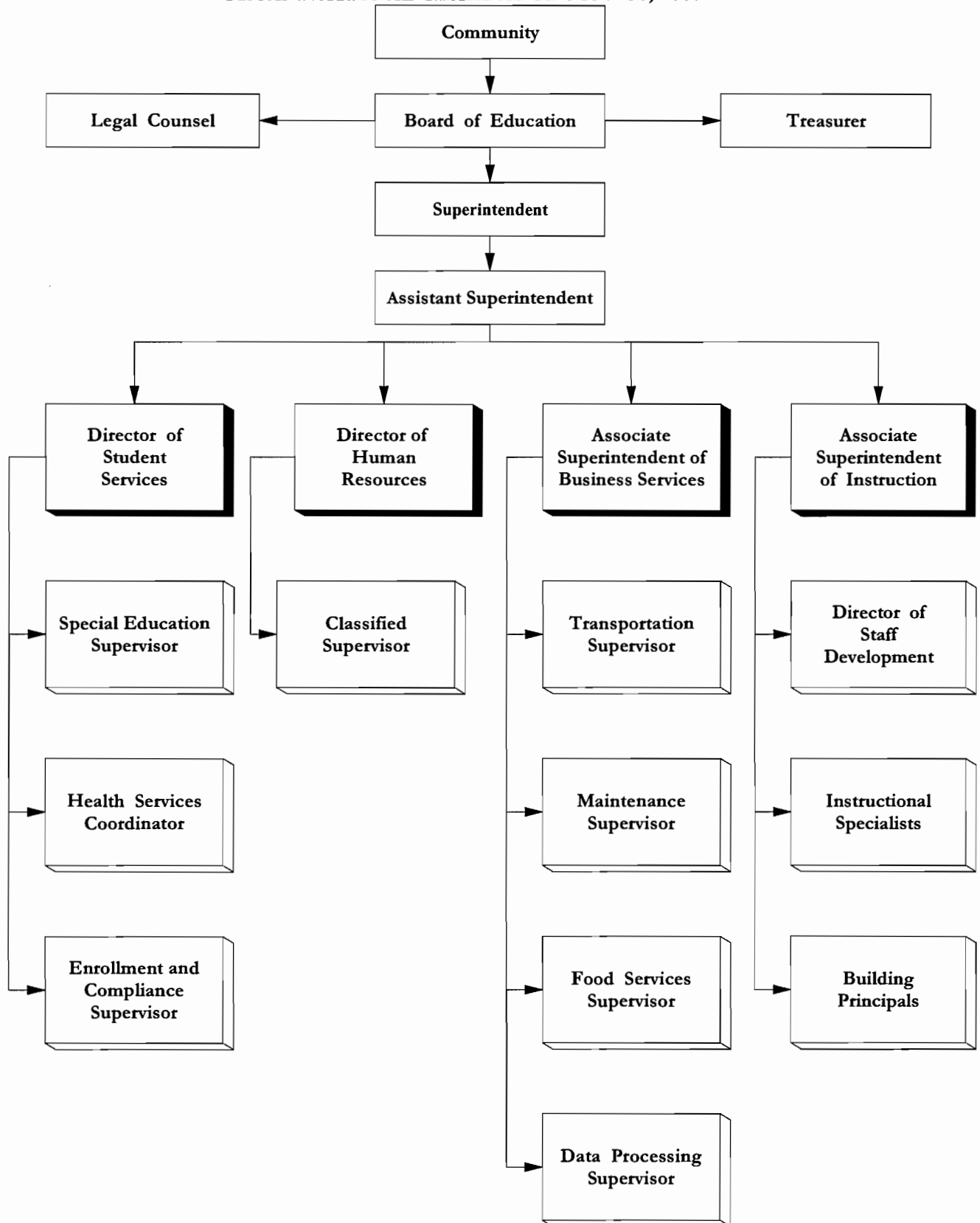
DISTRICT SUPERVISORS

Andreas Scheidt Maintenance
Robert Engel Transportation
LaDonna Stouder Technology
Mary Barnaclo Special Education
Kimberly Jones Special Education
Barbara Kalbli Special Education
Mary Jo Pfaffinger Systems Manager/Data Processing
Cheryl Romans Food Service
Grace Seurkamp Classified Employees
Anthony Wright..... Assistant Treasurer
Daniel Hudson..... Enrollment and Compliance Supervisor

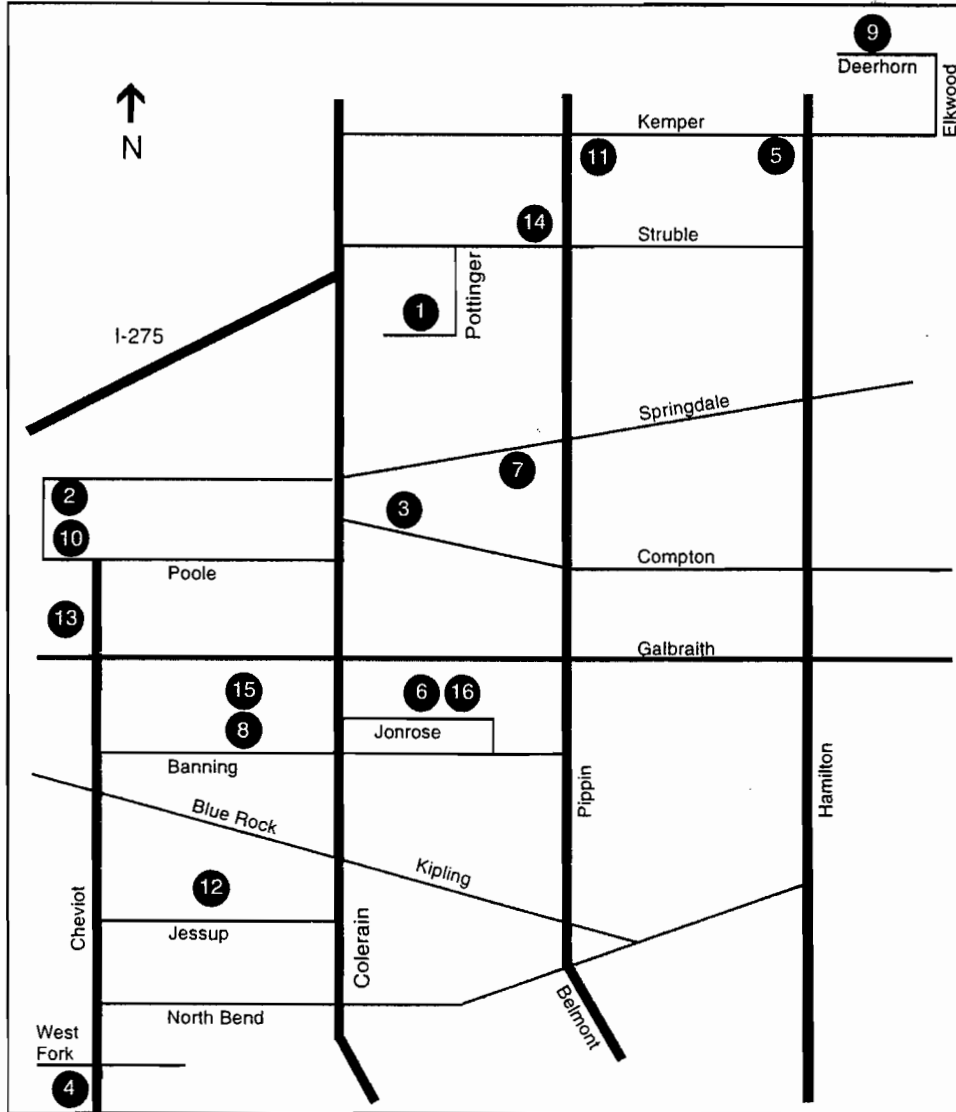
CURRICULUM INSTRUCTIONAL SPECIALISTS AND COORDINATORS

Jennifer Blust	Title I
Karen Burke	Elementary
Patricia Coon-Knochelmann	Elementary
Erin Davidson	Elementary
Linda Dawes	Elementary
Reena Fish	Work-Study
Lynda Fritz	Health Services
Barbara Hill	Early Childhood
Jennifer Klein	Middle
Kelli Kocheck	Elementary
Paul Lorenz	Career and Technical
Emily O'Mahoney-Higgins	Elementary
Kristen Rojas	Gifted
Lani Wildow	Senior High

**NORTHWEST LOCAL SCHOOL DISTRICT
ORGANIZATIONAL CHART AS OF JUNE 30, 2005**



SCHOOL DISTRICT MAP



Northwest Directory

1. Bevis Elementary	10133 Pottinger Road (45251)	825-3102
2. Colerain Elementary	4850 Poole Road (45251)	385-8740
3. Houston Elementary	3310 Compton Road (45251)	385-8000
4. Monfort Heights Elementary	3711 West Fork Road (45247)	389-1570
5. Pleasant Run Elementary	11765 Hamilton Avenue (45231)	825-7070
6. Struble Elementary	2760 Jonrose Avenue (45239)	522-2700
7. Taylor Elementary	3173 Springdale Road (45251)	825-3000
8. Weigel Elementary	3242 Banning Road (45239)	923-4040
9. Welch Elementary	12084 Deerhorn Drive (45240)	742-1240
10. Colerain Middle	4700 Poole Road (45251)	385-8490
11. Pleasant Run Middle	11770 Pippin Road (45231)	851-2400
12. White Oak Middle	3130 Jessup Road (45239)	741-4300
13. Colerain High	8801 Cheviot Road (45251)	385-6424
Colerain Career Center	8801 Cheviot Road (45251)	741-5000
14. Northwest High	10761 Pippin Road (45231)	851-7300
Northwest Career Center	10761 Pippin Road (45231)	742-6344
15. Administrative Center	3240 Banning Road (45239)	923-1000
16. Educational Service Center	2762 Jonrose Avenue (45239)	522-6700

CONSULTANTS AND ADVISORS
As of June 30, 2005

ASBESTOS

P.E.I. Associates
11499 Chester Road
Cincinnati, Ohio 45246

ARCHITECTS

Steed-Hammond-Paul
82 Williams Avenue
Hamilton, Ohio 45011

BOND COUNSEL

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

FINANCIAL REPORTING

Plattenburg and Associates, Inc.
8260 Northcreek Drive, Suite 330
Cincinnati, Ohio 45236

INDEPENDENT AUDITOR

Betty Montgomery
Auditor of State
11117 Kenwood Road
Blue Ash, Ohio 45242

LEGAL COUNSEL

Ennis, Roberts and Fischer
Attorneys at Law
121 West Ninth Street
Cincinnati, Ohio 45202-1904

Joseph Deters
County Prosecuting Attorney
Hamilton County Court House
Cincinnati, Ohio 45202

(continued)

CONSULTANTS AND ADVISORS
As of June 30, 2005 (concluded)

OFFICIAL DEPOSITORIES

*Fifth Third Bank
Monfort Heights Office
5540 Cheviot Road
Cincinnati, Ohio 45247*

*PNC Bank
6015 Colerain Avenue
Cincinnati, Ohio 45239*

*National City Corporation
Groesbeck Branch
7044 Colerain Avenue
Cincinnati, Ohio 45239*

*U.S. Bank
Colerain Hills Office
8250 Colerain Avenue
Cincinnati, Ohio 45239*

PROFESSIONAL NEGOTIATORS

*Ennis, Roberts and Fischer
Attorneys at Law
121 West Ninth Street
Cincinnati, Ohio 45202-1904*

WORKERS' COMPENSATION

*Sheakley Uniservice, Inc.
100 Merchant Street
Cincinnati, Ohio 45242*



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Northwest Local School District, Hamilton County, Ohio, as of June 30, 2005, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Betty Montgomery
Auditor of State

December 22, 2005

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

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

Financial Highlights

Key financial highlights for 2005 are as follows:

- Total net assets of governmental activities increased \$3,564,623 which represents a thirteen and seven tenths percent (13.7%) increase from 2004.
- General revenues accounted for \$82,557,581 in revenue or eighty-six and four-tenths percent (86.4%) of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,994,097 or thirteen and six-tenths percent (13.6%) of total revenues of \$95,551,678.
- Total assets of governmental activities increased by \$3,210,541 and taxes receivable increased by \$5,787,654 while cash and other receivables decreased by \$1,627,581.
- The District had \$91,987,055 in expenses related to governmental activities; only \$12,994,097 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$82,557,581 were adequate to provide for these programs.
- As the major fund, the General Fund had \$82,369,279 in revenues and \$78,817,908 in expenditures. The General Fund's fund balance increased from \$15,395,786 to \$19,005,559.

Overview of the Financial Statements

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

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the only major fund of the District.

Government-wide Financial Statements

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

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

In the Government-wide Financial Statements, the District consists of Governmental activities which are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

The analysis of the District's major fund begins on page 16. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant fund.

Governmental Funds

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

The District as a Whole

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

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

Table 1 Net Assets Restricted & Unrestricted		
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Assets		
Current and Other Assets	\$60,876,568	\$56,758,633
Capital Assets	<u>26,201,572</u>	<u>27,108,966</u>
Total Assets	<u>87,078,140</u>	<u>83,867,599</u>
Liabilities		
Long-Term Liabilities	26,856,175	26,940,859
Other Liabilities	<u>34,282,886</u>	<u>34,552,285</u>
Total Liabilities	<u>61,139,061</u>	<u>61,493,144</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	3,896,572	4,263,966
Restricted	4,984,928	4,996,925
Unrestricted	<u>17,057,579</u>	<u>13,113,564</u>
Total Net Assets	<u>\$25,939,079</u>	<u>\$22,374,455</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$25,939,079.

At year-end, capital assets represented thirty and seven-tenths percent (30.7%) of total assets. Capital assets include land and improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005, was \$3,896,572. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The increase in capital assets and unrestricted net assets was primarily due to the increased advances available from the Hamilton County Auditor for real estate taxes.

A portion of the District's net assets, \$4,984,928, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$17,057,579 may be used to meet the District's ongoing obligations to the students and creditors.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

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

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$4,508,855	\$4,273,356
Operating Grants	8,299,035	7,540,130
Capital Grants	186,207	2,050,671
General Revenue:		
Property Taxes	45,465,224	35,169,451
Grants and Entitlements	34,233,076	33,634,399
Other	<u>2,859,281</u>	<u>2,055,825</u>
Total Revenues	<u>95,551,678</u>	<u>84,723,832</u>
Program Expenses:		
Instruction	50,233,149	48,139,680
Support Services:		
Pupil and Instructional Staff	10,312,102	10,185,558
School Administrative, General		
Administration, Fiscal and Business	7,948,709	7,551,875
Operations and Maintenance	7,817,898	7,559,219
Pupil Transportation	4,391,526	4,330,044
Central	1,493,134	1,421,910
Community Services	2,954,975	2,692,405
Operation of Non-Instructional Services	3,902,227	3,222,318
Extracurricular Activities	1,766,543	1,662,910
Interest	<u>1,166,792</u>	<u>1,190,385</u>
Total Expenses	<u>91,987,055</u>	<u>87,956,304</u>
Change in Net Assets	3,564,623	(3,232,472)
Beginning Net Assets	<u>22,374,456</u>	<u>25,606,928</u>
Ending Net Assets	<u>\$25,939,079</u>	<u>\$22,374,456</u>

Governmental Activities

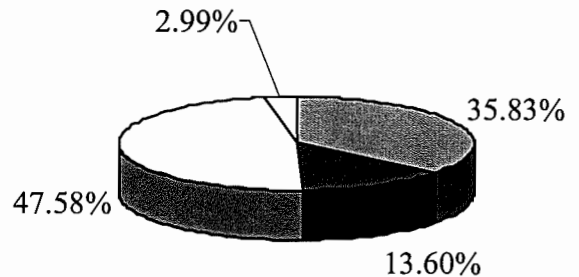
The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised eighty-three and four-tenths percent (83.4%) of the District's revenues for governmental activities.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up forty-seven and five-tenths percent (47.5%) of revenue for governmental activities for the District in fiscal year 2005. Property taxes increased by \$10.3 million as the result of increased advances available from the Hamilton County Auditor since increases in property values is restricted as a result of reappraisal. The District's reliance upon tax revenues is demonstrated by the following graph:

<u>Revenue Sources</u>	<u>2005</u>	<u>Percent of Total</u>
General Grants	\$34,233,076	35.83%
Program Revenues	12,994,097	13.60%
General Tax Revenues	45,465,224	47.58%
General Other	2,859,281	2.99%
Total Revenue	<u>\$95,551,678</u>	<u>100.00%</u>



Instruction comprises fifty-four and six-tenths percent (54.6%) of governmental program expenses. Instruction total cost of services increased to \$2.1 million primarily due to increased cost of employee benefits. Support services expenses were thirty-four and eight-tenths percent (34.8%) of governmental program expenses. Interest and all other expenses were ten and six-tenths percent (10.6%). Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues decreased \$870,060 or six and three-tenths percent (6.3%), due mainly to a decrease in capital grants received from other governments. In addition, grants and entitlements not restricted to specific programs increased \$598,677 or one and eight-tenths percent (1.8%). This increase was primarily related to an increase in state foundation settlement receipts.

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Instruction	\$50,233,149	\$48,139,681	\$46,571,879	\$45,072,983
Support Services:				
Pupil and Instructional Staff	10,312,102	10,185,558	8,611,201	8,765,849
School Administration, General				
Administration, Fiscal and Business	7,948,709	7,551,875	7,619,118	7,243,836
Operations and Maintenance	7,817,898	7,559,219	7,751,045	5,517,443
Pupil Transportation	4,391,526	4,330,044	4,275,008	4,266,144
Central	1,493,134	1,421,910	1,448,762	1,338,977
Community Services	2,954,975	2,692,405	2,954,975	2,383,573
Operation of Non-Instructional Services	3,902,227	3,222,318	(2,462,304)	(2,711,870)
Extracurricular Activities	1,766,543	1,662,910	1,056,482	1,024,828
Interest and Fiscal Charges	<u>1,166,792</u>	<u>1,190,385</u>	<u>1,166,792</u>	<u>1,190,385</u>
Total Expenses	<u>\$91,987,055</u>	<u>\$87,956,305</u>	<u>\$78,992,958</u>	<u>\$74,092,148</u>

Total governmental expenses increased by \$4,030,750 or four and six-tenths percent (4.6%).

The District's Funds

The major fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$95,474,682 and expenditures and other financing uses of \$91,594,993. The net change in fund balance for the year was an increase of \$3,879,689 or nineteen and one-tenth percent (19.1%). The fund balance in the General Fund increased by \$3,609,773 or twenty-three and five-tenths percent (23.5%). This increase was primarily due to the impact of the activities of the General Fund and an increase in the amount of property taxes available but uncollected at 2005 year end. Tax revenue increased by \$5.6 million in 2005 due to the increase of advances available at year end.

General Fund Budgeting Highlights

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

During the course of fiscal 2005, the District amended its general fund budget one time, however it was not significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$76,413,840, compared to original budget estimates of \$75,012,390. The District's ending unobligated cash balance was \$2,666,073 above the final budgeted amount. There were no significant budgetary variances between the final amended budget and actual results for the General Fund, except for operations and maintenance and pupil. It was the decision of the District to delay approximately \$0.20 million in repair projects.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the District had \$26,201,572 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2005 balances compared to fiscal 2004:

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

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land and Improvements	\$3,926,125	\$3,926,125
Buildings and Improvements	19,873,233	20,769,121
Furniture and Equipment	699,164	678,175
Vehicles	<u>1,703,050</u>	<u>1,735,545</u>
Total Capital Assets	<u>\$26,201,572</u>	<u>\$27,108,966</u>

The decrease in capital assets is due to \$571,257 in acquisitions, offset by the recognition of \$1,465,064 in depreciation expense.

For more information on capital assets, refer to the notes to the basic financial statements.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

Debt

At June 30, 2005, the District had \$22,305,000 in bonds outstanding, \$590,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Total:		
General Obligation Bonds:		
1998 School Improvement	<u>\$22,305,000</u>	<u>\$22,845,000</u>

In 1998 the District passed a 1.26 mill bond issue, providing \$25 million for a new elementary building, facility improvements for each middle school, and other various improvements.

At June 30, 2005, the District's overall legal debt margin was \$134,599,834 with an unvoted debt margin of \$1,495,554. The District maintains an A-1 bond rating.

For more information on debt, refer to the notes to the basic financial statements.

For the Future

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

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

With no increase in state funding projected, the District must increase revenues by submitting and obtaining approval for an additional operating levy from the community in the near future. On November 2, 2004, the community voted down a request for an additional 5.75 mills. At this time, the Board has not set any future dates to ask our residents again to approve an additional levy. The District is projecting a slight decrease in enrollment. The administrative staff has responded to the defeat of the levy by reducing budget expenses of the District by \$2.0 million in personnel costs in 2005, in order to

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - (continued)
For the Fiscal Year Ended June 30, 2005
(Unaudited)**

hold obligations of the district to an increase of \$4.0 million. An increase in funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future financial stability.

The District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) Certificate of Excellence on Financial Reporting since 1993.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Randy Seymour, Treasurer at Northwest Local School District, 3240 Banning Road, Cincinnati, Ohio 45239. Or E-mail at seymra@nwlsd.org.

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BASIC FINANCIAL STATEMENTS

Northwest Local School District
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$17,143,686
Receivables:	
Taxes	42,796,535
Accounts	406,160
Interest	46,208
Intergovernmental	402,612
Inventory	81,367
Nondepreciable Capital Assets	3,926,125
Depreciable Capital Assets, Net	<u>22,275,447</u>
 Total Assets	 <u>87,078,140</u>
 Liabilities:	
Accounts Payable	93,118
Accrued Wages and Benefits	7,791,646
Accrued Interest Payable	96,485
Unearned Revenue	26,301,637
Long-Term Liabilities:	
Due Within One Year	1,847,335
Due In More Than One Year	<u>25,008,840</u>
 Total Liabilities	 <u>61,139,061</u>
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	3,896,572
Restricted for:	
Special Revenue	1,028,360
Debt Service	1,548,607
Capital Projects	2,407,961
Unrestricted	<u>17,057,579</u>
 Total Net Assets	 <u><u>\$25,939,079</u></u>

See accompanying notes to the basic financial statements.

Northwest Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$39,595,983	\$1,595,528	\$417,431	\$91,455	(\$37,491,569)
Special	8,417,832	48,776	1,363,177	0	(7,005,879)
Vocational	2,219,334	0	144,903	0	(2,074,431)
Support Services:					
Pupil	4,370,329	0	464,656	0	(3,905,673)
Instructional Staff	5,941,773	0	1,236,245	0	(4,705,528)
General Administration	161,901	0	0	0	(161,901)
School Administration	5,640,900	0	329,591	0	(5,311,309)
Fiscal	1,550,991	0	0	0	(1,550,991)
Business	594,917	0	0	0	(594,917)
Operations and Maintenance	7,817,898	66,853	0	0	(7,751,045)
Pupil Transportation	4,391,526	0	21,766	94,752	(4,275,008)
Central	1,493,134	0	44,372	0	(1,448,762)
Community Services	2,954,975	0	0	0	(2,954,975)
Operation of					
Non-instructional Services	3,902,227	2,087,637	4,276,894	0	2,462,304
Extracurricular Activities	1,766,543	710,061	0	0	(1,056,482)
Interest	1,166,792	0	0	0	(1,166,792)
Total Governmental Activities	\$91,987,055	\$4,508,855	\$8,299,035	\$186,207	(\$78,992,958)

General Revenues:

Property Taxes Levied for:

General Purposes	43,786,003
Debt Service Purposes	1,679,221
Grants and Entitlements not Restricted to Specific Programs	34,233,076
Payment in Lieu of Taxes	1,944,008
Investment Earnings	492,314
Refunds and Reimbursements	23,005
Other Revenues	399,954

Total General Revenues 82,557,581

Change in Net Assets 3,564,623

Net Assets Beginning of Year 22,374,456

Net Assets End of Year \$25,939,079

See accompanying notes to the basic financial statements.

Northwest Local School District
Balance Sheet
Governmental Funds
June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$12,284,999	\$4,858,687	\$17,143,686
Receivables:			
Taxes	41,263,631	1,532,904	42,796,535
Accounts	405,658	502	406,160
Interest	46,208	0	46,208
Intergovernmental	21,862	380,750	402,612
Inventory	0	81,367	81,367
Total Assets	\$54,022,358	\$6,854,210	\$60,876,568
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$60,953	\$32,165	\$93,118
Accrued Wages and Benefits	7,137,697	653,949	7,791,646
Compensated Absences	806,910	0	806,910
Deferred Revenue	27,011,239	1,014,419	28,025,658
Total Liabilities	35,016,799	1,700,533	36,717,332
Fund Balances:			
Reserved for Encumbrances	1,067,234	270,864	1,338,098
Reserved for Inventory	0	81,367	81,367
Reserved for Property Tax Advances	14,230,000	575,000	14,805,000
Unreserved, Undesignated, Reported in:			
General Fund	3,708,325	0	3,708,325
Special Revenue Funds	0	748,393	748,393
Debt Service Fund	0	1,070,092	1,070,092
Capital Projects Funds	0	2,407,961	2,407,961
Total Fund Balances	19,005,559	5,153,677	24,159,236
Total Liabilities and Fund Balances	\$54,022,358	\$6,854,210	\$60,876,568

See accompanying notes to the basic financial statements.

Northwest Local School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2005

Total Governmental Fund Balance		\$24,159,236
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These consist of:</p>		
Land and Improvements	\$3,926,125	
Buildings and Improvements	48,328,949	
Furniture and Equipment	5,856,867	
Vehicles	5,442,817	
Accumulated Depreciation	<u>(37,353,186)</u>	
Total Capital Assets		26,201,572
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		
Payments in lieu of Taxes	1,488,606	
Intergovernmental	64,690	
Other	<u>170,725</u>	
Total Long-term Assets		1,724,021
<p>In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.</p>		
		(96,485)
<p>Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.</p>		
Compensated Absences	<u>(3,744,265)</u>	
Total Long-term Liabilities		(3,744,265)
<p>Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.</p>		
		<u>(22,305,000)</u>
Net Assets of Governmental Activities		<u><u>\$25,939,079</u></u>

See accompanying notes to the basic financial statements.

Northwest Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$43,777,828	\$1,687,396	\$45,465,224
Revenue in lieu of taxes	1,803,022	0	1,803,022
Tuition and Fees	1,375,608	0	1,375,608
Investment Earnings	489,272	3,042	492,314
Intergovernmental	33,986,335	8,706,346	42,692,681
Extracurricular Activities	0	555,091	555,091
Charges for Services	333,116	2,087,637	2,420,753
Other Revenues	604,098	7,489	611,587
Total Revenues	82,369,279	13,047,001	95,416,280
Expenditures:			
Current:			
Instruction:			
Regular	38,510,513	505,877	39,016,390
Special	6,643,363	1,754,611	8,397,974
Vocational	2,141,555	88,642	2,230,197
Support Services:			
Pupil	3,646,596	724,327	4,370,923
Instructional Staff	5,094,427	899,004	5,993,431
General Administration	161,901	0	161,901
School Administration	5,069,039	327,979	5,397,018
Fiscal	1,460,167	22,103	1,482,270
Business	580,347	1,400	581,747
Operations and Maintenance	7,711,002	0	7,711,002
Pupil Transportation	4,316,428	20,994	4,337,422
Central	1,448,049	57,033	1,505,082
Community Services	250,634	2,778,132	3,028,766
Operation of Non-instructional Services	540,682	3,371,960	3,912,642
Extracurricular Activities	1,243,205	515,378	1,758,583
Debt Service:			
Principal Retirement	0	540,000	540,000
Interest	0	1,169,645	1,169,645
Total Expenditures	78,817,908	12,777,085	91,594,993
Excess of Revenues Over Expenditures	3,551,371	269,916	3,821,287
Other Financing Sources:			
Proceeds from Sale of Capital Assets	58,402	0	58,402
Total Other Financing Sources	58,402	0	58,402
Net Change in Fund Balance	3,609,773	269,916	3,879,689
Fund Balance Beginning of Year (restated)	15,395,786	4,883,761	20,279,547
Fund Balance End of Year	\$19,005,559	\$5,153,677	\$24,159,236

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds \$3,879,689

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

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

Capital assets used in governmental activities	\$571,257	
Depreciation Expense	(1,465,064)	
Total		(893,807)

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (13,587)

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

Payments in lieu of Taxes	140,986	
Intergovernmental	(221,128)	
Other	170,725	
Total		90,583

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 540,000

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 2,853

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

Compensated Absences	(41,108)	
Total		(41,108)

Change in Net Assets of Governmental Activities \$3,564,623

See accompanying notes to the basic financial statements.

Northwest Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$37,473,785	\$38,143,785	\$38,157,911	\$14,126
Revenue in Lieu of Taxes	1,350,000	1,650,000	1,803,022	153,022
Tuition and Fees	1,810,000	1,686,500	1,562,228	(124,272)
Interest	275,000	425,000	455,440	30,440
Intergovernmental	33,503,605	33,952,605	33,964,473	11,868
Other Revenues	600,000	555,950	594,415	38,465
Total Revenues	75,012,390	76,413,840	76,537,489	123,649
Expenditures:				
Current:				
Instruction:				
Regular	39,666,785	38,986,166	38,492,347	493,819
Special	6,575,345	6,962,438	6,684,649	277,789
Vocational	2,089,217	2,200,242	2,151,372	48,870
Support Services:				
Pupil	3,911,510	4,077,957	3,672,052	405,905
Instructional Staff	4,962,721	5,180,628	5,125,042	55,586
General Administration	220,640	250,640	161,901	88,739
School Administration	5,232,177	5,319,037	5,158,042	160,995
Fiscal	1,549,840	1,549,840	1,461,150	88,690
Business	681,635	684,135	582,517	101,618
Operations and Maintenance	8,653,580	9,004,212	8,659,717	344,495
Pupil Transportation	4,529,950	4,641,308	4,463,658	177,650
Central	1,570,219	1,616,121	1,483,225	132,896
Community Services	364,399	405,774	297,524	108,250
Extracurricular Activities	1,272,765	1,302,170	1,245,450	56,720
Total Expenditures	81,280,783	82,180,668	79,638,646	2,542,022
Excess of Revenues Over (Under) Expenditures	(6,268,393)	(5,766,828)	(3,101,157)	2,665,671
Other financing sources:				
Proceeds from Sale of Capital Assets	20,000	58,000	58,402	402
Total Other Financing Sources	20,000	58,000	58,402	402
Net Change in Fund Balance	(6,248,393)	(5,708,828)	(3,042,755)	2,666,073
Fund Balance Beginning of Year	13,023,749	13,023,749	13,023,749	0
Prior year encumbrances appropriated	1,247,092	1,247,092	1,247,092	0
Fund Balance End of Year	\$8,022,448	\$8,562,013	\$11,228,086	\$2,666,073

See accompanying notes to the basic financial statements.

Northwest Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$181,438</u>
Total Assets	<u><u>\$181,438</u></u>
Liabilities:	
Accounts Payable	\$60
Other Liabilities	<u>181,378</u>
Total Liabilities	<u><u>\$181,438</u></u>

See accompanying notes to the basic financial statements.

NORTHWEST LOCAL SCHOOL DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2005

NOTE A--DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

DESCRIPTION OF THE DISTRICT

The Northwest Local School District (District) operates under current standards as prescribed by the Ohio State Board of Education as provided in Division (d) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. Presently, the District operates under a locally elected 5 member Board of Education (Board) as defined by Section 3313.02 of the Ohio Revised Code.

The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditures of the District's tax dollars. The Board also approves the annual Appropriation Resolution and Tax Budget.

The District services an area of 54 square miles, including all of Colerain Township, and portions of Green and Springfield Townships. The District is 99 percent in Hamilton County, and a small area is in Butler County on its northern boundary line.

The District currently has 10,561 students enrolled in nine elementary schools, three middle schools, and two senior high schools. The District has two career centers serving junior and senior students. There are 725 certificated employees and 518 non-certificated employees to provide services to the students. The District is the largest local and the 17th largest of all school districts in Ohio.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles [GAAP] as applied to governmental units. The Governmental Accounting Standards Board [GASB] is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

THE REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE A—DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY – (continued)

The following activities are included within the reporting entity:

Parochial/Private Schools - Within the District, St. Ann, St. Bernard, St. Ignatius, St. James, and St. John Elementaries, and LaSalle High School are operated through the Cincinnati Catholic Diocese; Beautiful Savior Lutheran and Fellowship Christian are operated as private schools. Current State legislation provides funding to these schools. The monies are received and disbursed on behalf of the schools by the District Treasurer, as directed by the District's administration. The activity of these State monies by the District are reflected in the Special Revenue Funds for financial reporting purposes, because the District has administrative responsibility.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

FUND ACCOUNTING

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

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the 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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

**NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005**

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fiduciary Funds

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

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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

Fund Financial Statements

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Payment in Lieu of Taxes

Payment in lieu of taxes are revenues received from other governmental entities as per an agreement through a tax incremental financing contract between the District and the other governmental agency such as a township or city.

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due.

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the current fiscal year amounted to \$489,272, which includes \$123,003 assigned from other District funds.

INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of donated food, purchased food and consumable supplies held and expended when used.

CAPITAL ASSETS

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500), and a useful life of five years or more. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives
Buildings	30 - 50 years
Building Improvements	10 - 30 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

For governmental fund financial statements, liabilities and expenditures for compensated absences are recognized when due. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

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

<u>VACATION</u>	<u>CERTIFIED</u>	<u>ADMINISTRATORS</u>	<u>NON-CERTIFICATED</u>
How earned	Not eligible	15-20 days at start of each contract year	10-20 days for each service year depending on length of service
Maximum Accumulation	Not applicable	50 days	50 days
Termination Entitlement	Not applicable	As earned	As earned

<u>SICK LEAVE</u>	<u>CERTIFIED</u>	<u>ADMINISTRATORS</u>	<u>NON-CERTIFICATED</u>
How earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum Accumulation	232 Days	262 days	232 to 272 days according to job classification
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per contract	Per contract

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

NET ASSETS

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

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

INTERFUND ACTIVITY

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” All interfund activity is eliminated in the governmental activities column of the Statement of Net Assets and the Statement of Activities, except for interfund services provided and used.

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. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate appropriations to the function and object level for all funds.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 Hamilton County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board 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 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 District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during the current fiscal year.

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 is legally enacted by the Board at the fund level 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 District. The appropriation resolution, 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 any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board. The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. During the year, several supplementay appropriations were legally enacted; however, none of these amendments were significant. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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 appropriations 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 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.

FUND EQUITY

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

ESTIMATES

The preparation of 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.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE C—CASH AND INVESTMENTS

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE C—CASH AND INVESTMENTS – (continued)

- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2005, \$3,945,284 of the District's bank balance of \$4,335,807 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105 percent of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE C—CASH AND INVESTMENTS – (continued)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Agency Bonds	\$1,320,647	0.48
Money Market Accounts	<u>12,503,969</u>	0.00
Total Fair Value	<u>\$13,824,616</u>	
Portfolio Weighted Average Maturity		0.05

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

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

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

NOTE D—PROPERTY TAXES

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE D—PROPERTY TAXES – (continued)

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reportable on the 2006 and subsequent year returns is not subject to the personal property tax.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at fiscal year end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, 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, 2005, was \$14,230,000 for General Fund and \$575,000 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2005 operations. The amount available for advance at June 30, 2004 was \$8,803,200 for General Fund and \$363,900 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2004 operations.

NOTE E—RECEIVABLES

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE E—RECEIVABLES – (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
General Fund	\$21,862
IDEA B Special Education	197,056
Title III LEP	746
Title I	170,196
Title II-A	10,092
Technology II-D	<u>2,660</u>
 Total Governmental Activities	 <u>\$402,612</u>

NOTE F—CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/05</u>
Governmental Activities				
<i>Capital Assets, Not being Depreciated:</i>				
Land and Improvements	\$3,926,125	\$0	\$0	\$3,926,125
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	48,328,949	0	0	48,328,949
Furniture and Equipment	5,730,512	233,636	107,281	5,856,867
Vehicles	<u>5,335,232</u>	<u>337,621</u>	<u>230,036</u>	<u>5,442,817</u>
Total Historical Cost	<u>\$63,320,818</u>	<u>\$571,257</u>	<u>\$337,317</u>	<u>\$63,554,758</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$27,559,828	\$895,888	\$0	\$28,455,716
Furniture and Equipment	5,052,337	206,140	100,774	5,157,703
Vehicles	<u>3,599,687</u>	<u>363,036</u>	<u>222,956</u>	<u>3,739,767</u>
Total Accumulated Depreciation	<u>\$36,211,852</u>	<u>\$1,465,064</u>	<u>\$323,730</u>	<u>\$37,353,186</u>
Governmental Activities Capital Assets, Net	<u>\$27,108,966</u>	<u>(\$893,807)</u>	<u>\$13,587</u>	<u>\$26,201,572</u>

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE F—CAPITAL ASSETS – (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$810,531
Special	54,873
Vocational	90,655
Support Services:	
Pupil	3,562
Instructional Staff	954
Administration	30,768
Fiscal	4,078
Business	569
Operations and Maintenance	46,006
Pupil Transportation	336,903
Central	33,439
Community Services	50,672
Extracurricular Activities	<u>2,054</u>
Total Depreciation Expense	<u>\$1,465,064</u>

NOTE G—LEGAL DEBT MARGIN

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

The effects of these debt limitations at June 30, 2005, are a voted debt margin of \$134,599,834 and an unvoted debt margin of \$1,495,554.

On March 1, 1998 the District issued \$25,000,000 in bonds for the construction of an elementary school and various other buildings and equipment improvements throughout the District.

The bond issue is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Payment of principal and interest relating to this liability is recorded as an expenditure in the Debt Service Fund.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE H—LONG-TERM LIABILITIES

The change in the District's long-term obligations during the year consist of the following:

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Due in</u> <u>One Year</u>
Government Activities					
General Obligation Bonds:					
1998 School Improvement	\$22,845,000	\$0	\$540,000	\$22,305,000	\$590,000
Compensated Absences	<u>4,095,859</u>	<u>989,392</u>	<u>534,076</u>	<u>4,551,175</u>	<u>1,257,335</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$26,940,859</u>	<u>\$989,392</u>	<u>\$1,074,076</u>	<u>\$26,856,175</u>	<u>\$1,847,335</u>

On March 1, 1998, the District issued \$25,000,000, 3.7%-6.0% general obligation bonds. These bonds were issued to fund construction of a new elementary building and various school improvements and will be paid from property taxes. Compensated absences will be paid from the General Fund for governmental activities.

The following is a summary of the District's future annual debt service requirements for general obligations:

BONDED DEBT

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Bond</u> <u>Principal</u>	<u>Bond</u> <u>Interest</u>	<u>Total</u>
2006	\$590,000	\$1,144,745	\$1,734,745
2007	640,000	1,117,275	1,757,275
2008	695,000	1,087,098	1,782,098
2009	750,000	1,051,310	1,801,310
2010	820,000	1,009,370	1,829,370
2011-2015	5,255,000	4,262,486	9,517,486
2016-2020	7,595,000	2,571,507	10,166,507
2021-2023	<u>5,960,000</u>	<u>475,108</u>	<u>6,435,108</u>
TOTAL	<u>\$22,305,000</u>	<u>\$12,718,899</u>	<u>\$35,023,899</u>

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE I—DEFINED BENEFIT PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service 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 School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute ten percent (10%) of their annual covered salary and the District is required to contribute fourteen percent (14%); five and eight-tenths percent (5.8%) was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,893,980, \$1,718,550 and \$1,677,216 respectively; fifty percent (50.0%) has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. \$1,038,858 represents the unpaid contribution for fiscal year 2005.

STATE TEACHERS RETIREMENT SYSTEM

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute ten percent (10%) of their annual covered salary and the District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal year ended June 30, 2005, 2004, and 2003 were \$5,868,053, \$5,781,379 and \$5,539,002 respectively, 95.4% percent has been contributed for fiscal year 2005, and 100 percent for the fiscal years 2004 and 2003. \$111,287 represents the unpaid contribution for fiscal year 2005.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE J—POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund for which payments for health care benefits are paid. For the District, this amount equaled \$61,279 during the 2005 fiscal year. As of July 1, 2004, eligible benefit recipients totaled 111,853. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

For 2004 fiscal year, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$579,771 during the 2005 fiscal year. The number of participants currently receiving health care benefits is 62,000. For the fiscal year ended June 30, 2004, net health care costs paid by SERS were \$223,443,805.

NOTE K—CONTINGENT LIABILITIES

GRANTS

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE K—CONTINGENT LIABILITIES – (continued)

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

LITIGATION

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

NOTE L—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2005, the District contracted with Cincinnati Insurance Company for property and general liability insurance and boiler and machinery insurance.

Professional liability is protected by Ohio School Plan with \$2,000,000 each occurrence, \$2,000,000 aggregate limit.

Vehicles are covered by Ohio School Plan with no deductible for comprehensive and \$1,000 deductible for collision.

Public officials bond insurance is provided by Cincinnati Insurance Company. The Treasurer, Superintendent, Business Director, and Board President are covered by bonds in the amount of \$20,000.

The 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 District provides life insurance and accidental death and dismemberment insurance to most employees through CIGNA Life.

The District has elected to provide employee medical/surgical benefits through Humana, a primary care access system. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

The District provides dental insurance to all employees through CoreSource , Inc.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three years.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE M—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 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the Major Governmental Fund, General Fund.

Net Change in Fund Balance Major Governmental Fund	
	General
GAAP Basis	\$3,609,773
Revenue Accruals	(5,831,790)
Expenditure Accruals	246,496
Encumbrances	<u>(1,067,234)</u>
Budgetary Basis	<u>(\$3,042,755)</u>

NOTE N—FUND BALANCE RESERVES FOR SET-ASIDES

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - (continued)
For the Fiscal Year Ended June 30, 2005

NOTE N—FUND BALANCE RESERVES FOR SET-ASIDES – (continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside carried forward from June 30, 2004	(\$1,608,053)	\$0
Current Year Set-aside Requirement	1,541,921	1,541,921
Qualifying Disbursements	<u>(1,984,199)</u>	<u>(2,448,931)</u>
Total	<u>(2,050,331)</u>	<u>(907,010)</u>
Set-aside carried forward to FY2006	<u>(\$2,050,331)</u>	<u>\$0</u>

Qualified disbursements and offset credits for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled \$1,608,053, resulting in \$2,050,331 for carryover to offset textbook requirements in future years.

NOTE O—CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

	<u>General</u>	<u>Nonmajor</u>
Fund Balances, June 30, 2004	\$15,888,577	\$4,963,823
GASB Technical Bulletin No. 2004-2	<u>(492,791)</u>	<u>(80,062)</u>
Restated Fund Balance, June 30, 2004	<u>\$15,395,786</u>	<u>\$4,883,761</u>

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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COMBINING STATEMENTS – NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

FOOD SERVICE FUND:

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

CUSTOMER SERVICE FUND:

To account for all revenues and expenses related to goods and/or services provided by the District. The primary use of this fund is to account for services provided by career technical classes to the public. Activities in this fund are usually curricular in nature.

UNDERGROUND STORAGE TANK FUND:

To account for local funds which are provided in the event of an underground storage tank leak.

ATHLETIC FUND:

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

AUXILIARY SERVICES FUND:

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

CAREER DEVELOPMENT FUND:

To account for state funds which are provided to introduce various career opportunities to students as required by the minimum standards for Ohio schools.

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR SPECIAL REVENUE FUNDS (continued)

EDUCATION MANAGEMENT INFORMATION SYSTEM FUND:

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

PUBLIC PRESCHOOL FUND:

To account for assistance from the State in paying the cost of a preschool program for three and four year old students.

DISADVANTAGED PUPIL IMPACT AID FUND:

To account for state funds which provide instructional programs and materials for disadvantaged students.

OHIO SCHOOLNET PROFESSIONAL DEVELOPMENT FUND:

To account for state funds received to provide assistance to the District for the development of technology in-service programs.

OHIO READS FUND:

To account for state funds received to improve literacy for kindergarten through fourth grades.

STUDENT INTERVENTION FUND:

To account for state funds which provide academic intervention services and materials to students in grades 1 through 4 who have failed the Ohio Proficiency test in reading.

SAFE SCHOOL HELP LINE FUND:

To account for state funds received for students and parents to report threats to the safety of students or school personnel.

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR SPECIAL REVENUE FUNDS (continued)

ENTRY YEAR TEACHERS GRANT FUND:

To account for state funds used to provide an entry year program for beginning teachers that hold two-year provisional licenses and are teaching in their licensed field.

IDEA B SPECIAL EDUCATION FUND:

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

VOCATIONAL EDUCATION PERKINS FUND:

To account for federal funds for the development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, cooperative education, advisory committees, and work-study projects.

TITLE III LEP FUND:

To account for federal funds to provide language instruction for limited English proficient and migrant students.

TITLE I FUND:

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

TITLE V INNOVATIVE PROJECTS FUND:

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

DRUG FREE SCHOOLS FUND:

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

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR SPECIAL REVENUE FUNDS (continued)

TITLE II-A FUND:

To account for federal funds received to assist in the cost of personnel hired to reduce class size in kindergarten through third grade.

ASSISTIVE TECHNOLOGY FUND:

To account for federal funds to provide assistive technology devices that support access to general education for students with disabilities.

OCIS AWARENESS FUND:

To account for federal funds to support programs K-12 learn more about educational and career options.

TECHNOLOGY II-D FUND:

To account for federal funds to enhance education through technology.

NONMAJOR DEBT SERVICE FUND

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

NONMAJOR 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 buildings, or for major renovation projects, including equipment purchases.

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR CAPITAL PROJECTS FUNDS (concluded)

PERMANENT IMPROVEMENT FUND:

To account for all transactions related to the acquisition, construction or improvement of the infrastructure of buildings and grounds through permanent improvements.

OHIO SCHOOLNET FUND:

To account for programs designed to help school districts obtain computers, related technology equipment and/or the necessary infrastructure for educational technology.

Northwest Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,388,809	\$1,061,917	\$2,407,961	\$4,858,687
Receivables:				
Taxes	0	1,532,904	0	1,532,904
Accounts	502	0	0	502
Intergovernmental	380,750	0	0	380,750
Inventory	81,367	0	0	81,367
Total Assets	\$1,851,428	\$2,594,821	\$2,407,961	\$6,854,210
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$32,165	\$0	\$0	\$32,165
Accrued Wages and Benefits	653,949	0	0	653,949
Deferred Revenue	64,690	949,729	0	1,014,419
Total Liabilities	750,804	949,729	0	1,700,533
Fund Balances:				
Reserved for Encumbrances	270,864	0	0	270,864
Reserved for Inventory	81,367	0	0	81,367
Reserved for Property Tax Advances	0	575,000	0	575,000
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	748,393	0	0	748,393
Debt Service Fund	0	1,070,092	0	1,070,092
Capital Projects Funds	0	0	2,407,961	2,407,961
Total Fund Balances	1,100,624	1,645,092	2,407,961	5,153,677
Total Liabilities and Fund Balances	\$1,851,428	\$2,594,821	\$2,407,961	\$6,854,210

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$1,687,396	\$0	\$1,687,396
Investment Earnings	3,042	0	0	3,042
Intergovernmental	8,431,390	183,501	91,455	8,706,346
Extracurricular Activities	555,091	0	0	555,091
Charges for Services	2,087,637	0	0	2,087,637
Other Revenues	6,142	0	1,347	7,489
Total Revenues	11,083,302	1,870,897	92,802	13,047,001
Expenditures:				
Current:				
Instruction:				
Regular	414,887	0	90,990	505,877
Special	1,754,611	0	0	1,754,611
Vocational	88,642	0	0	88,642
Support Services:				
Pupil	724,327	0	0	724,327
Instructional Staff	899,004	0	0	899,004
School Administration	327,979	0	0	327,979
Fiscal	0	19,584	2,519	22,103
Business	1,400	0	0	1,400
Pupil Transportation	20,994	0	0	20,994
Central	57,033	0	0	57,033
Community Services	2,778,132	0	0	2,778,132
Operation of Non-instructional Services	3,371,960	0	0	3,371,960
Extracurricular Activities	515,378	0	0	515,378
Debt Service:				
Principal Retirement	0	540,000	0	540,000
Interest	0	1,169,645	0	1,169,645
Total Expenditures	10,954,347	1,729,229	93,509	12,777,085
Net Change in Fund Balance	128,955	141,668	(707)	269,916
Fund Balance Beginning of Year (restated)	971,669	1,503,424	2,408,668	4,883,761
Fund Balance End of Year	\$1,100,624	\$1,645,092	\$2,407,961	\$5,153,677

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Food Service	Customer Service	Underground Storage Tank	Athletic
Assets:				
Equity in Pooled Cash and Investments	\$523,514	\$0	\$11,000	\$235,025
Receivables:				
Accounts	502	0	0	0
Intergovernmental	0	0	0	0
Inventory	81,367	0	0	0
Total Assets	\$605,383	\$0	\$11,000	\$235,025
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$2,699	\$0	\$0	\$221
Accrued Wages and Benefits	309,246	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	311,945	0	0	221
Fund Balances:				
Reserved for Encumbrances	0	0	0	71,148
Reserved for Inventory	81,367	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	212,071	0	11,000	163,656
Total Fund Balances	293,438	0	11,000	234,804
Total Liabilities and Fund Balances	\$605,383	\$0	\$11,000	\$235,025

Auxiliary Services	Career Development	Education Management Information System	Public Preschool	Disadvantaged Pupil Impact Aid	Ohio SchoolNet Professional Development
\$170,146	\$5,058	\$20,365	\$11,066	\$3,424	\$6,039
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$170,146</u>	<u>\$5,058</u>	<u>\$20,365</u>	<u>\$11,066</u>	<u>\$3,424</u>	<u>\$6,039</u>
\$5,520	\$0	\$0	\$0	\$0	\$0
3,290	0	0	2,546	1,894	0
0	0	0	0	0	0
<u>8,810</u>	<u>0</u>	<u>0</u>	<u>2,546</u>	<u>1,894</u>	<u>0</u>
150,228	0	0	0	0	0
0	0	0	0	0	0
<u>11,108</u>	<u>5,058</u>	<u>20,365</u>	<u>8,520</u>	<u>1,530</u>	<u>6,039</u>
<u>161,336</u>	<u>5,058</u>	<u>20,365</u>	<u>8,520</u>	<u>1,530</u>	<u>6,039</u>
<u>\$170,146</u>	<u>\$5,058</u>	<u>\$20,365</u>	<u>\$11,066</u>	<u>\$3,424</u>	<u>\$6,039</u>

continued

Northwest Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds (continued)
 June 30, 2005

	OhioReads	Student Intervention	Safe School Help Line
Assets:			
Equity in Pooled Cash and Investments	\$57	\$40,960	\$0
Receivables:			
Accounts	0	0	0
Intergovernmental	0	0	0
Inventory	0	0	0
Total Assets	\$57	\$40,960	\$0
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$0	\$6,500	\$0
Accrued Wages and Benefits	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	0	6,500	0
Fund Balances:			
Reserved for Encumbrances	0	0	0
Reserved for Inventory	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	57	34,460	0
Total Fund Balances	57	34,460	0
Total Liabilities and Fund Balances	\$57	\$40,960	\$0

Entry Year Teachers Grant	IDEA B Special Education	Vocational Education Perkins	Title III LEP	Title I	Title V Innovative Projects
\$0	\$162,385	\$34,811	\$3,501	\$94,374	\$12,343
0	0	0	0	0	0
0	197,056	0	746	170,196	0
0	0	0	0	0	0
<u>\$0</u>	<u>\$359,441</u>	<u>\$34,811</u>	<u>\$4,247</u>	<u>\$264,570</u>	<u>\$12,343</u>
\$0	\$16,367	\$113	\$0	\$0	\$0
0	172,030	0	0	139,180	0
0	46,600	0	746	4,592	0
0	234,997	113	746	143,772	0
0	494	30,468	0	0	8,311
0	0	0	0	0	0
0	123,950	4,230	3,501	120,798	4,032
0	124,444	34,698	3,501	120,798	12,343
<u>\$0</u>	<u>\$359,441</u>	<u>\$34,811</u>	<u>\$4,247</u>	<u>\$264,570</u>	<u>\$12,343</u>

continued

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
June 30, 2005

	Drug Free Schools	Title II-A	Assistive Technology
Assets:			
Equity in Pooled Cash and Investments	\$9,072	\$41,063	\$0
Receivables:			
Accounts	0	0	0
Intergovernmental	0	10,092	0
Inventory	0	0	0
Total Assets	\$9,072	\$51,155	\$0
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$0	\$745	\$0
Accrued Wages and Benefits	0	25,763	0
Deferred Revenue	0	10,092	0
Total Liabilities	0	36,600	0
Fund Balances:			
Reserved for Encumbrances	4,535	4,260	0
Reserved for Inventory	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	4,537	10,295	0
Total Fund Balances	9,072	14,555	0
Total Liabilities and Fund Balances	\$9,072	\$51,155	\$0

<u>OCIS Awareness</u>	<u>Technology II-D</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$0	\$4,606	\$1,388,809
0	0	502
0	2,660	380,750
0	0	81,367
<u>\$0</u>	<u>\$7,266</u>	<u>\$1,851,428</u>
\$0	\$0	\$32,165
0	0	653,949
0	2,660	64,690
0	2,660	750,804
0	1,420	270,864
0	0	81,367
0	3,186	748,393
0	4,606	1,100,624
<u>\$0</u>	<u>\$7,266</u>	<u>\$1,851,428</u>

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Food Service	Customer Service	Underground Storage Tank	Athletic
Revenues:				
Investment Earnings	\$3,042	\$0	\$0	\$0
Intergovernmental	1,276,151	0	0	0
Extracurricular Activities	0	0	0	555,091
Charges for Services	2,087,637	0	0	0
Other Revenues	0	6,142	0	0
Total Revenues	3,366,830	6,142	0	555,091
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	0
Vocational	0	0	0	0
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	0	0	0
School Administration	0	0	0	0
Business	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Community Services	0	0	0	0
Operation of Non-instructional Services	3,357,813	14,147	0	0
Extracurricular Activities	0	0	0	515,378
Total Expenditures	3,357,813	14,147	0	515,378
Net Change in Fund Balance	9,017	(8,005)	0	39,713
Fund Balance Beginning of Year (restated)	284,421	8,005	11,000	195,091
Fund Balance End of Year	<u>\$293,438</u>	<u>\$0</u>	<u>\$11,000</u>	<u>\$234,804</u>

Auxiliary Services	Career Development	Education Management Information System	Public Preschool	Disadvantaged Pupil Impact Aid	Ohio SchoolNet Professional Development
\$0	\$0	\$0	\$0	\$0	\$0
2,231,524	15,447	33,656	132,510	102,852	6,750
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,231,524</u>	<u>15,447</u>	<u>33,656</u>	<u>132,510</u>	<u>102,852</u>	<u>6,750</u>
0	9,858	0	107,545	0	0
0	0	0	0	104,982	0
0	0	0	0	0	0
0	0	0	0	0	0
0	531	0	16,445	0	7,342
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	57,033	0	0	0
2,399,478	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,399,478</u>	<u>10,389</u>	<u>57,033</u>	<u>123,990</u>	<u>104,982</u>	<u>7,342</u>
(167,954)	5,058	(23,377)	8,520	(2,130)	(592)
329,290	0	43,742	0	3,660	6,631
<u>\$161,336</u>	<u>\$5,058</u>	<u>\$20,365</u>	<u>\$8,520</u>	<u>\$1,530</u>	<u>\$6,039</u>

continued

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2005

	OhioReads	Student Intervention	Safe School Help Line
Revenues:			
Investment Earnings	\$0	\$0	\$0
Intergovernmental	112,500	151,835	10,534
Extracurricular Activities	0	0	0
Charges for Services	0	0	0
Other Revenues	0	0	0
Total Revenues	112,500	151,835	10,534
Expenditures:			
Current:			
Instruction:			
Regular	105,708	0	0
Special	0	134,014	0
Vocational	0	0	0
Support Services:			
Pupil	0	0	10,534
Instructional Staff	6,735	4,767	0
School Administration	0	0	0
Business	0	1,400	0
Pupil Transportation	0	6,500	0
Central	0	0	0
Community Services	0	0	0
Operation of Non-instructional Services	0	0	0
Extracurricular Activities	0	0	0
Total Expenditures	112,443	146,681	10,534
Net Change in Fund Balance	57	5,154	0
Fund Balance Beginning of Year (restated)	0	29,306	0
Fund Balance End of Year	\$57	\$34,460	\$0

Entry Year Teachers Grant	IDEA B Special Education	Vocational Education Perkins	Title III LEP	Title I	Title V Innovative Projects
\$0	\$0	\$0	\$0	\$0	\$0
51,700	2,430,055	168,319	15,613	1,201,377	89,324
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
51,700	2,430,055	168,319	15,613	1,201,377	89,324
0	0	0	0	0	0
0	659,445	0	15,133	758,549	76,868
0	0	88,642	0	0	0
0	638,106	37,461	0	0	0
52,575	431,388	8,304	917	213,416	1,551
0	268,463	7,782	0	51,734	0
0	0	0	0	0	0
0	0	0	0	11,247	3,247
0	0	0	0	0	0
0	278,432	0	565	63,559	24,379
0	0	0	0	0	0
0	0	0	0	0	0
52,575	2,275,834	142,189	16,615	1,098,505	106,045
(875)	154,221	26,130	(1,002)	102,872	(16,721)
875	(29,777)	8,568	4,503	17,926	29,064
\$0	\$124,444	\$34,698	\$3,501	\$120,798	\$12,343

continued

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (concluded)
For the Fiscal Year Ended June 30, 2005

	Drug Free Schools	Title II-A	Assistive Technology
Revenues:			
Investment Earnings	\$0	\$0	\$0
Intergovernmental	48,250	320,486	7,200
Extracurricular Activities	0	0	0
Charges for Services	0	0	0
Other Revenues	0	0	0
Total Revenues	48,250	320,486	7,200
Expenditures:			
Current:			
Instruction:			
Regular	92	170,938	0
Special	0	0	5,620
Vocational	0	0	0
Support Services:			
Pupil	36,646	0	1,580
Instructional Staff	3,559	144,383	0
School Administration	0	0	0
Business	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Community Services	7,075	453	0
Operation of Non-instructional Services	0	0	0
Extracurricular Activities	0	0	0
Total Expenditures	47,372	315,774	7,200
Net Change in Fund Balance	878	4,712	0
Fund Balance Beginning of Year (restated)	8,194	9,843	0
Fund Balance End of Year	\$9,072	\$14,555	\$0

<u>OCIS Awareness</u>	<u>Technology II-D</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$0	\$0	\$3,042
0	25,307	8,431,390
0	0	555,091
0	0	2,087,637
0	0	6,142
<u>0</u>	<u>25,307</u>	<u>11,083,302</u>
0	20,746	414,887
0	0	1,754,611
0	0	88,642
0	0	724,327
1,316	5,775	899,004
0	0	327,979
0	0	1,400
0	0	20,994
0	0	57,033
0	4,191	2,778,132
0	0	3,371,960
0	0	515,378
<u>1,316</u>	<u>30,712</u>	<u>10,954,347</u>
(1,316)	(5,405)	128,955
<u>1,316</u>	<u>10,011</u>	<u>971,669</u>
<u>\$0</u>	<u>\$4,606</u>	<u>\$1,100,624</u>

Northwest Local School District
 Combining Balance Sheet
 Nonmajor Debt Service Fund
 June 30, 2005

	<u>Debt Service</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,061,917
Receivables:	
Taxes	<u>1,532,904</u>
Total Assets	<u><u>\$2,594,821</u></u>
Liabilities and Fund Balances:	
Liabilities:	
Deferred Revenue	<u>\$949,729</u>
Total Liabilities	<u>949,729</u>
Fund Balances:	
Reserved for Property Tax Advances	575,000
Unreserved, Undesignated, Reported in:	
Debt Service Fund	<u>1,070,092</u>
Total Fund Balances	<u>1,645,092</u>
Total Liabilities and Fund Balances	<u><u>\$2,594,821</u></u>

Northwest Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Debt Service Fund
 For the Fiscal Year Ended June 30, 2005

	Debt Service
Revenues:	
Taxes	\$1,687,396
Intergovernmental	183,501
	<hr/>
Total Revenues	1,870,897
	<hr/>
Expenditures:	
Current:	
Fiscal	19,584
Debt Service:	
Principal Retirement	540,000
Interest	1,169,645
	<hr/>
Total Expenditures	1,729,229
	<hr/>
Net Change in Fund Balance	141,668
	<hr/>
Fund Balance Beginning of Year	1,503,424
	<hr/>
Fund Balance End of Year	\$1,645,092
	<hr/> <hr/>

Northwest Local School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2005

	Permanent Improvement	Ohio SchoolNet	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,407,496	\$465	\$2,407,961
Total Assets	\$2,407,496	\$465	\$2,407,961
Liabilities and Fund Balances:			
Liabilities:			
Total Liabilities	\$0	\$0	\$0
Fund Balances:			
Unreserved, Undesignated, Reported in: Capital Projects Funds	2,407,496	465	2,407,961
Total Fund Balances	2,407,496	465	2,407,961
Total Liabilities and Fund Balances	\$2,407,496	\$465	\$2,407,961

Northwest Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2005

	Permanent Improvement	Ohio SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental	\$0	\$91,455	\$91,455
Other Revenues	1,347	0	1,347
Total Revenues	<u>1,347</u>	<u>91,455</u>	<u>92,802</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	90,990	90,990
Support Services:			
Fiscal	2,519	0	2,519
Total Expenditures	<u>2,519</u>	<u>90,990</u>	<u>93,509</u>
Net Change in Fund Balance	(1,172)	465	(707)
Fund Balance Beginning of Year	<u>2,408,668</u>	<u>0</u>	<u>2,408,668</u>
Fund Balance End of Year	<u><u>\$2,407,496</u></u>	<u><u>\$465</u></u>	<u><u>\$2,407,961</u></u>

Northwest Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2005

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$188,769	\$0	\$7,331	\$181,438
Total Assets	\$188,769	\$0	\$7,331	\$181,438
Liabilities:				
Accounts Payable	\$1,254	\$0	\$1,194	\$60
Other Liabilities	187,515	0	6,137	181,378
Total Liabilities	\$188,769	\$0	\$7,331	\$181,438

**INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$37,473,785	\$38,143,785	\$38,157,911	\$14,126
Revenue in Lieu of Taxes	1,350,000	1,650,000	1,803,022	153,022
Tuition and Fees	1,810,000	1,686,500	1,562,228	(124,272)
Interest	275,000	425,000	455,440	30,440
Intergovernmental	33,503,605	33,952,605	33,964,473	11,868
Other Revenues	600,000	555,950	594,415	38,465
Total Revenues	75,012,390	76,413,840	76,537,489	123,649
Expenditures:				
Current:				
Instruction:				
<u>Regular</u>				
Salaries and Wages	28,517,100	27,781,995	27,660,822	121,173
Fringe Benefits	7,633,110	7,431,110	7,293,847	137,263
Purchased Services	1,382,643	1,664,482	1,638,931	25,551
Materials and Supplies	1,939,312	1,913,959	1,750,487	163,472
Capital Outlay	70,420	70,420	59,378	11,042
Capital Outlay - Replacement	124,200	124,200	88,882	35,318
Total Regular	39,666,785	38,986,166	38,492,347	493,819
<u>Special</u>				
Salaries and Wages	4,475,000	4,590,000	4,562,265	27,735
Fringe Benefits	1,235,345	1,260,395	1,216,119	44,276
Purchased Services	865,000	1,112,043	906,265	205,778
Total Special	6,575,345	6,962,438	6,684,649	277,789
<u>Vocational</u>				
Salaries and Wages	1,425,000	1,465,000	1,455,846	9,154
Fringe Benefits	376,140	401,140	396,011	5,129
Purchased Services	23,700	21,400	21,182	218
Materials and Supplies	181,362	184,487	153,375	31,112
Capital Outlay	49,500	27,000	26,177	823
Capital Outlay - Replacement	33,515	101,215	98,781	2,434
Total Vocational	\$2,089,217	\$2,200,242	\$2,151,372	\$48,870

continued

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support Services:				
<u>Pupil</u>				
Salaries and Wages	\$1,888,100	\$1,888,100	\$1,880,137	\$7,963
Fringe Benefits	534,705	541,705	512,728	28,977
Purchased Services	1,293,738	1,451,215	1,148,963	302,252
Materials and Supplies	166,769	168,372	108,134	60,238
Capital Outlay	1,580	1,580	1,580	0
Capital Outlay - Replacement	1,173	1,173	1,005	168
Other Expenditures	25,445	25,812	19,505	6,307
Total Pupil	3,911,510	4,077,957	3,672,052	405,905
<u>Instructional Staff</u>				
Salaries and Wages	3,544,500	3,647,067	3,642,748	4,319
Fringe Benefits	1,193,760	1,297,352	1,289,142	8,210
Purchased Services	142,875	155,266	123,834	31,432
Materials and Supplies	71,586	70,943	63,289	7,654
Capital Outlay	6,500	6,500	5,388	1,112
Other Expenditures	3,500	3,500	641	2,859
Total Instructional Staff	4,962,721	5,180,628	5,125,042	55,586
<u>General Administration</u>				
Salaries and Wages	9,600	9,600	9,520	80
Fringe Benefits	1,540	1,540	1,535	5
Purchased Services	25,500	45,500	25,602	19,898
Other Expenditures	184,000	194,000	125,244	68,756
Total General Administration	220,640	250,640	161,901	88,739
<u>School Administration</u>				
Salaries and Wages	3,658,000	3,673,000	3,657,710	15,290
Fringe Benefits	1,073,625	1,131,125	1,032,273	98,852
Purchased Services	229,378	235,228	197,428	37,800
Materials and Supplies	45,058	45,068	39,951	5,117
Capital Outlay	525	525	521	4
Capital Outlay - Replacement	2,000	2,000	0	2,000
Other Expenditures	223,591	232,091	230,159	1,932
Total School Administration	\$5,232,177	\$5,319,037	\$5,158,042	\$160,995

continued

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Fiscal</u>				
Salaries and Wages	\$615,000	\$615,000	\$611,424	\$3,576
Fringe Benefits	191,840	191,840	179,575	12,265
Purchased Services	36,500	36,500	35,749	751
Materials and Supplies	18,000	18,000	13,474	4,526
Capital Outlay - Replacement	4,000	4,000	0	4,000
Other Expenditures	684,500	684,500	620,928	63,572
Total Fiscal	1,549,840	1,549,840	1,461,150	88,690
<u>Business</u>				
Salaries and Wages	191,000	191,000	190,147	853
Fringe Benefits	47,305	47,305	43,045	4,260
Purchased Services	415,130	415,130	320,663	94,467
Materials and Supplies	28,200	30,700	28,662	2,038
Total Business	681,635	684,135	582,517	101,618
<u>Operations and Maintenance</u>				
Salaries and Wages	2,690,000	2,755,000	2,745,095	9,905
Fringe Benefits	902,040	902,040	858,364	43,676
Purchased Services	4,572,840	4,828,472	4,578,606	249,866
Materials and Supplies	429,700	459,700	441,396	18,304
Capital Outlay - Replacement	59,000	59,000	36,256	22,744
Total Operations and Maintenance	8,653,580	9,004,212	8,659,717	344,495
<u>Pupil Transportation</u>				
Salaries and Wages	2,500,000	2,500,000	2,406,899	93,101
Fringe Benefits	735,095	735,095	718,920	16,175
Purchased Services	372,100	372,100	359,285	12,815
Materials and Supplies	494,655	606,013	560,064	45,949
Capital Outlay	3,000	3,000	0	3,000
Capital Outlay - Replacement	425,100	425,100	418,490	6,610
Total Pupil Transportation	4,529,950	4,641,308	4,463,658	177,650
<u>Central</u>				
Salaries and Wages	957,500	958,500	944,808	13,692
Fringe Benefits	276,375	293,875	267,326	26,549
Purchased Services	164,500	191,902	157,041	34,861
Materials and Supplies	128,964	128,964	87,658	41,306
Capital Outlay	18,580	18,580	10,658	7,922
Capital Outlay - Replacement	10,300	10,300	6,188	4,112
Other Expenditures	14,000	14,000	9,546	4,454
Total Central	\$1,570,219	\$1,616,121	\$1,483,225	\$132,896

continued

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Community Services</u>				
Salaries and Wages	\$264,000	\$264,000	\$208,961	\$55,039
Fringe Benefits	50,390	50,390	40,559	9,831
Materials and Supplies	9,600	9,600	8,684	916
Other Expenditures	40,409	81,784	39,320	42,464
Total Community Services	364,399	405,774	297,524	108,250
<u>Extracurricular Activities</u>				
Salaries and Wages	1,035,250	1,057,250	1,037,387	19,863
Fringe Benefits	197,715	205,120	190,498	14,622
Purchased Services	39,800	39,800	17,565	22,235
Total Extracurricular Activities	1,272,765	1,302,170	1,245,450	56,720
Total Expenditures	81,280,783	82,180,668	79,638,646	2,542,022
Excess of Revenues Over (Under) Expenditures	(6,268,393)	(5,766,828)	(3,101,157)	2,665,671
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	20,000	58,000	58,402	402
Total Other Financing Sources	20,000	58,000	58,402	402
Net Change in Fund Balance	(6,248,393)	(5,708,828)	(3,042,755)	2,666,073
Fund Balance Beginning of Year	13,023,749	13,023,749	13,023,749	0
Prior year encumbrances appropriated	1,247,092	1,247,092	1,247,092	0
Fund Balance End of Year	\$8,022,448	\$8,562,013	\$11,228,086	\$2,666,073

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Food Service Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest	\$2,828	\$2,885	\$3,042	\$157
Intergovernmental	1,054,679	1,075,966	1,134,400	58,434
Charges for Services	1,942,493	1,981,698	2,089,321	107,623
Total Revenues	3,000,000	3,060,549	3,226,763	166,214
Expenditures:				
Current:				
Operation of Non-instructional Services	3,249,520	3,249,520	3,056,295	193,225
Total Expenditures	3,249,520	3,249,520	3,056,295	193,225
Net Change in Fund Balance	(249,520)	(188,971)	170,468	359,439
Fund Balance Beginning of Year	353,045	353,045	353,045	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$103,525	\$164,074	\$523,513	\$359,439

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Customer Service Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$9,000	\$6,142	\$6,142	\$0
Total Revenues	9,000	6,142	6,142	0
Expenditures:				
Current:				
Instruction:				
Vocational	14,000	14,158	14,158	0
Total Expenditures	14,000	14,158	14,158	0
Net Change in Fund Balance	(5,000)	(8,016)	(8,016)	0
Fund Balance Beginning of Year	8,016	8,016	8,016	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$3,016	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Underground Storage Tank Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	11,000	11,000	11,000	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$0</u>

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Athletic Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Extracurricular Activities	\$460,000	\$517,600	\$555,091	\$37,491
Total Revenues	460,000	517,600	555,091	37,491
Expenditures:				
Current:				
Extracurricular Activities	624,948	624,948	589,949	34,999
Total Expenditures	624,948	624,948	589,949	34,999
Net Change in Fund Balance	(164,948)	(107,348)	(34,858)	72,490
Fund Balance Beginning of Year	173,786	173,786	173,786	0
Prior year encumbrances appropriated	24,948	24,948	24,948	0
Fund Balance End of Year	\$33,786	\$91,386	\$163,876	\$72,490

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Auxiliary Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$2,275,000	\$2,231,500	\$2,231,524	\$24
Total Revenues	2,275,000	2,231,500	2,231,524	24
Expenditures:				
Current:				
Community Services	2,364,457	2,566,350	2,546,458	19,892
Total Expenditures	2,364,457	2,566,350	2,546,458	19,892
Net Change in Fund Balance	(89,457)	(334,850)	(314,934)	19,916
Fund Balance Beginning of Year	265,394	265,394	265,394	0
Prior year encumbrances appropriated	69,456	69,456	69,456	0
Fund Balance End of Year	\$245,393	\$0	\$19,916	\$19,916

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Career Development Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$15,447	\$15,447	\$15,447	\$0
Total Revenues	15,447	15,447	15,447	0
Expenditures:				
Current:				
Instruction:				
Regular	14,847	14,847	14,840	7
Support Services:				
Instructional Staff	600	600	531	69
Total Expenditures	15,447	15,447	15,371	76
Net Change in Fund Balance	0	0	76	76
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$76	\$76

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Education Management Information System Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$39,000	\$33,656	\$33,656	\$0
Total Revenues	39,000	33,656	33,656	0
Expenditures:				
Current:				
Support Services:				
Central	40,000	52,000	57,033	(5,033)
Total Expenditures	40,000	52,000	57,033	(5,033)
Net Change in Fund Balance	(1,000)	(18,344)	(23,377)	(5,033)
Fund Balance Beginning of Year	43,742	43,742	43,742	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$42,742	\$25,398	\$20,365	(\$5,033)

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Public Preschool Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$149,418	\$132,500	\$132,510	\$10
Total Revenues	149,418	132,500	132,510	10
Expenditures:				
Current:				
Instruction:				
Regular	132,318	117,336	107,546	9,790
Support Services:				
Instructional Staff	17,100	15,164	13,899	1,265
Total Expenditures	149,418	132,500	121,445	11,055
Net Change in Fund Balance	0	0	11,065	11,065
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$11,065	\$11,065

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Disadvantaged Pupil Impact Aid Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$105,000	\$105,000	\$102,852	(\$2,148)
Total Revenues	105,000	105,000	102,852	(2,148)
Expenditures:				
Current:				
Instruction:				
Special	105,000	105,000	103,088	1,912
Total Expenditures	105,000	105,000	103,088	1,912
Net Change in Fund Balance	0	0	(236)	(236)
Fund Balance Beginning of Year	3,660	3,660	3,660	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$3,660	\$3,660	\$3,424	(\$236)

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Ohio SchoolNet Professional Development Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$0	\$6,750	\$6,750	\$0
Total Revenues	0	6,750	6,750	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	6,631	13,381	7,341	6,040
Total Expenditures	6,631	13,381	7,341	6,040
Net Change in Fund Balance	(6,631)	(6,631)	(591)	6,040
Fund Balance Beginning of Year	6,631	6,631	6,631	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$6,040	\$6,040

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 OhioReads Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$112,500	\$112,500	\$112,500	\$0
Total Revenues	112,500	112,500	112,500	0
Expenditures:				
Current:				
Instruction:				
Regular	105,762	105,762	105,708	54
Support Services:				
Instructional Staff	6,738	6,738	6,735	3
Total Expenditures	112,500	112,500	112,443	57
Net Change in Fund Balance	0	0	57	57
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$57	\$57

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Student Intervention Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$196,000	\$151,800	\$151,835	\$35
Total Revenues	196,000	151,800	151,835	35
Expenditures:				
Current:				
Instruction:				
Special	184,128	171,134	134,015	37,119
Support Services:				
Instructional Staff	16,712	15,539	12,096	3,443
Pupil Transportation	1,898	1,762	1,400	362
Total Expenditures	202,738	188,435	147,511	40,924
Net Change in Fund Balance	(6,738)	(36,635)	4,324	40,959
Fund Balance Beginning of Year	33,898	33,898	33,898	0
Prior year encumbrances appropriated	2,737	2,737	2,737	0
Fund Balance End of Year	\$29,897	\$0	\$40,959	\$40,959

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Safe School Help Line Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$10,534	\$10,534	\$10,534	\$0
Total Revenues	10,534	10,534	10,534	0
Expenditures:				
Current:				
Support Services:				
Pupil	10,534	10,534	10,534	0
Total Expenditures	10,534	10,534	10,534	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Entry Year Teachers Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$90,000	\$51,700	\$51,700	\$0
Total Revenues	90,000	51,700	51,700	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	90,875	52,575	52,575	0
Total Expenditures	90,875	52,575	52,575	0
Net Change in Fund Balance	(875)	(875)	(875)	0
Fund Balance Beginning of Year	875	875	875	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 IDEA B Special Education Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$1,442,656	\$2,319,411	\$2,319,599	\$188
Total Revenues	1,442,656	2,319,411	2,319,599	188
Expenditures:				
Current:				
Instruction:				
Special	413,259	662,984	619,566	43,418
Support Services:				
Pupil	408,101	654,883	612,262	42,621
Instructional Staff	276,370	443,493	414,630	28,863
School Administration	178,943	287,151	268,463	18,688
Community Services	186,272	298,912	279,459	19,453
Total Expenditures	1,462,945	2,347,423	2,194,380	153,043
Net Change in Fund Balance	(20,289)	(28,012)	125,219	153,231
Fund Balance Beginning of Year	36,382	36,382	36,382	0
Prior year encumbrances appropriated	290	290	290	0
Fund Balance End of Year	\$16,383	\$8,660	\$161,891	\$153,231

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Vocational Education Perkins Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$154,893	\$168,319	\$168,319	\$0
Total Revenues	154,893	168,319	168,319	0
Expenditures:				
Current:				
Instruction:				
Vocational	115,494	124,762	119,110	5,652
Support Services:				
Pupil	33,629	36,544	37,461	(917)
Instructional Staff	7,455	8,101	8,304	(203)
School Administration	6,884	7,481	7,669	(188)
Total Expenditures	163,462	176,888	172,544	4,344
Net Change in Fund Balance	(8,569)	(8,569)	(4,225)	4,344
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	8,569	8,569	8,569	0
Fund Balance End of Year	\$0	\$0	\$4,344	\$4,344

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title III LEP Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$18,000	\$19,120	\$19,134	\$14
Total Revenues	18,000	19,120	19,134	14
Expenditures:				
Current:				
Instruction:				
Special	16,277	16,277	15,132	1,145
Support Services:				
Instructional Staff	1,115	1,115	1,037	78
Community Services	608	608	565	43
Total Expenditures	18,000	18,000	16,734	1,266
Net Change in Fund Balance	0	1,120	2,400	1,280
Fund Balance Beginning of Year	982	982	982	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$982	\$2,102	\$3,382	\$1,280

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title I Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$1,100,000	\$1,035,655	\$1,035,773	\$118
Total Revenues	1,100,000	1,035,655	1,035,773	118
Expenditures:				
Current:				
Instruction:				
Special	829,672	811,350	746,291	65,059
Support Services:				
Instructional Staff	239,320	234,037	215,208	18,829
School Administration	47,912	46,854	43,097	3,757
Pupil Transportation	12,504	12,227	11,247	980
Community Services	70,660	69,100	63,559	5,541
Total Expenditures	1,200,068	1,173,568	1,079,402	94,166
Net Change in Fund Balance	(100,068)	(137,913)	(43,629)	94,284
Fund Balance Beginning of Year	137,936	137,936	137,936	0
Prior year encumbrances appropriated	68	68	68	0
Fund Balance End of Year	\$37,936	\$91	\$94,375	\$94,284

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title V Innovative Projects Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$95,000	\$89,324	\$89,324	\$0
Total Revenues	95,000	89,324	89,324	0
Expenditures:				
Current:				
Instruction:				
Special	84,290	84,290	81,687	2,603
Support Services:				
Instructional Staff	1,600	1,600	1,551	49
Pupil Transportation	3,350	3,350	3,247	103
Community Services	28,760	28,760	27,872	888
Total Expenditures	118,000	118,000	114,357	3,643
Net Change in Fund Balance	(23,000)	(28,676)	(25,033)	3,643
Fund Balance Beginning of Year	29,062	29,062	29,062	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$6,062	\$386	\$4,029	\$3,643

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Drug Free Schools Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$44,500	\$48,250	\$48,250	\$0
Total Revenues	44,500	48,250	48,250	0
Expenditures:				
Current:				
Instruction:				
Regular	92	92	92	0
Support Services:				
Pupil	37,848	37,848	39,292	(1,444)
Instructional Staff	3,427	3,427	3,559	(132)
Community Services	8,635	8,635	8,964	(329)
Total Expenditures	50,002	50,002	51,907	(1,905)
Net Change in Fund Balance	(5,502)	(1,752)	(3,657)	(1,905)
Fund Balance Beginning of Year	8,192	8,192	8,192	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$2,690	\$6,440	\$4,535	(\$1,905)

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title II-A Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$325,000	\$320,365	\$320,266	(\$99)
Total Revenues	325,000	320,365	320,266	(99)
Expenditures:				
Current:				
Instruction:				
Regular	169,967	169,967	171,973	(2,006)
Support Services:				
Instructional Staff	154,585	154,585	156,409	(1,824)
Community Services	448	448	453	(5)
Total Expenditures	325,000	325,000	328,835	(3,835)
Net Change in Fund Balance	0	(4,635)	(8,569)	(3,934)
Fund Balance Beginning of Year	45,372	45,372	45,372	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$45,372	\$40,737	\$36,803	(\$3,934)

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Assistive Technology Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$0	\$7,200	\$7,200	\$0
Total Revenues	0	7,200	7,200	0
Expenditures:				
Current:				
Instruction:				
Special	0	5,620	5,620	0
Support Services:				
Pupil	0	1,580	1,580	0
Total Expenditures	0	7,200	7,200	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 OCIS Awareness Special Revenue Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$4,300	\$0	\$0	\$0
Total Revenues	4,300	0	0	\$0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	5,000	1,316	1,316	0
Total Expenditures	5,000	1,316	1,316	0
Net Change in Fund Balance	(700)	(1,316)	(1,316)	0
Fund Balance Beginning of Year	1,316	1,316	1,316	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$616	\$0	\$0	\$0

Northwest Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Technology II-D Special Revenue Fund
For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$28,000	\$25,300	\$25,307	\$7
Total Revenues	28,000	25,300	25,307	7
Expenditures:				
Current:				
Instruction:				
Regular	26,675	25,383	20,751	4,632
Support Services:				
Instructional Staff	6,508	6,074	6,970	(896)
Community Services	4,118	3,844	4,411	(567)
Total Expenditures	37,301	35,301	32,132	3,169
Net Change in Fund Balance	(9,301)	(10,001)	(6,825)	3,176
Fund Balance Beginning of Year	10,011	10,011	10,011	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$710	\$10	\$3,186	\$3,176

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$1,432,321	\$1,432,321	\$1,468,121	\$35,800
Intergovernmental	179,026	179,026	183,501	4,475
Total Revenues	1,611,347	1,611,347	1,651,622	40,275
Expenditures:				
Current:				
Support Services:				
Fiscal	19,646	19,646	19,584	62
Debt Service:				
Principal Retirement	541,691	541,691	540,000	1,691
Interest	1,173,308	1,173,308	1,169,645	3,663
Total Expenditures	1,734,645	1,734,645	1,729,229	5,416
Net Change in Fund Balance	(123,298)	(123,298)	(77,607)	45,691
Fund Balance Beginning of Year	1,139,525	1,139,525	1,139,525	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$1,016,227	\$1,016,227	\$1,061,918	\$45,691

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Permanent Improvement Capital Projects Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Revenues	\$0	\$0	\$1,347	\$1,347
Total Revenues	0	0	1,347	1,347
Expenditures:				
Current:				
Support Services:				
Fiscal	400,000	400,000	2,519	397,481
Total Expenditures	400,000	400,000	2,519	397,481
Net Change in Fund Balance	(400,000)	(400,000)	(1,172)	398,828
Fund Balance Beginning of Year	2,408,667	2,408,667	2,408,667	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	<u>\$2,008,667</u>	<u>\$2,008,667</u>	<u>\$2,407,495</u>	<u>\$398,828</u>

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Ohio SchoolNet Capital Projects Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$134,000	\$133,455	\$133,455	\$0
Total Revenues	134,000	133,455	133,455	0
Expenditures:				
Current:				
Instruction:				
Regular	123,104	122,603	122,176	427
Support Services:				
Operations and Maintenance	10,896	10,852	10,814	38
Total Expenditures	134,000	133,455	132,990	465
Net Change in Fund Balance	0	0	465	465
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$465	\$465

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STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the District.

NORTHWEST LOCAL SCHOOL DISTRICT
GENERAL GOVERNMENTAL EXPENSES / EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
1996 - 2005

	2005 Fiscal	2004 Fiscal	2003 Fiscal	2002 Fiscal
	Full Accrual	Full Accrual	Full Accrual	Full Accrual
Current:				
Instruction:				
Regular	\$39,595,983	\$37,633,004	\$35,522,485	\$34,805,741
Special	8,417,832	8,211,946	7,772,135	7,141,159
Vocational	2,219,334	2,294,731	2,116,694	2,014,296
Adult	0	0	0	0
Support services:				
Pupil	4,370,329	4,300,406	4,311,310	4,087,427
Instructional staff	5,941,773	5,885,152	5,003,623	4,703,188
General administration	161,901	91,142	120,895	87,785
School administration	5,640,900	5,356,327	5,146,738	5,090,831
Fiscal	1,550,991	1,530,072	1,360,512	1,311,298
Business	594,917	574,334	577,629	532,909
Operations and maintenance	7,817,898	7,559,219	8,245,783	8,058,321
Pupil transportation	4,391,526	4,330,044	4,088,325	3,567,960
Central	1,493,134	1,421,910	1,371,668	1,342,996
Community services	2,954,975	2,692,405	2,924,980	2,679,136
Operation of Non-instructional services	3,902,227	3,222,318	0	0
Extracurricular activities	1,766,543	1,662,910	1,664,320	1,405,292
Capital outlay	0	0	0	0
Debt service	1,166,792	1,190,385	1,211,360	1,228,722
Total	<u>\$91,987,055</u>	<u>\$87,956,305</u>	<u>\$81,438,457</u>	<u>\$78,057,061</u>

Source: Northwest Local School District financial records.

(1) Includes all governmental activities for full accrual. Fiscal years 2001 from 1996 include only the General Fund, presented on the modified accrual basis.

<u>2001</u> <u>Fiscal</u>	<u>2000</u> <u>Fiscal</u>	<u>1999</u> <u>Fiscal</u>	<u>1998</u> <u>Fiscal</u>	<u>1997</u> <u>Fiscal</u>	<u>1996</u> <u>Fiscal</u>
\$32,195,439	\$30,005,234	\$27,944,788	\$27,347,120	\$25,265,893	\$24,092,149
7,455,613	6,720,099	5,856,493	4,694,653	3,879,394	3,459,908
2,066,921	1,915,200	1,900,644	2,046,039	2,083,848	2,409,255
0	0	10,023	4,844	5,841	2,742
2,405,827	2,213,363	2,147,568	1,848,947	1,702,616	1,665,999
2,602,693	2,507,374	2,408,701	2,264,925	2,087,242	2,207,131
72,804	68,186	64,511	62,657	68,728	97,527
4,533,642	4,223,811	3,907,607	3,720,438	3,444,248	3,240,578
1,146,340	1,055,891	1,011,803	913,884	782,760	754,339
476,836	469,860	435,586	417,343	406,335	390,923
7,913,706	6,695,399	6,355,384	6,185,747	5,685,638	4,970,707
3,351,247	3,101,010	4,151,188	2,882,750	2,873,654	2,341,484
1,108,596	945,869	859,003	641,796	624,641	581,234
264,171	234,262	229,065	229,665	212,585	177,990
0	0	0	0	0	0
818,258	737,598	682,375	556,431	486,273	392,658
234,412	9,789	0	0	228,030	592,605
0	0	0	0	0	0
<u>\$66,646,505</u>	<u>\$60,902,945</u>	<u>\$57,964,739</u>	<u>\$53,817,239</u>	<u>\$49,837,726</u>	<u>\$47,377,229</u>

NORTHWEST LOCAL SCHOOL DISTRICT
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
1996 - 2005

	2005 Fiscal	2004 Fiscal	2003 Fiscal	2002 Fiscal	2001 Fiscal
	Full Accrual	Full Accrual	Full Accrual	Full Accrual	
Program Revenues					
Charges for services	\$4,508,855	\$4,273,356	\$2,343,247	\$1,908,466	N/A
Operating grants and contriburitons	8,299,035	7,540,130	5,655,375	5,094,519	N/A
Capital grants and contriburitons	186,207	2,050,671	574,646	360,516	N/A
General Revenues					
Taxes	45,465,224	35,169,451	42,274,110	39,197,785	\$34,574,697
Revenue in lieu of taxes	1,944,008	1,442,401	1,436,898	940,478	747,826
Tuition	0	0	0	0	652,988
Earnings on investments	492,314	246,045	383,001	627,818	1,304,978
Intergovernmental	34,233,076	33,634,399	32,216,453	31,204,342	28,529,759
Other local revenues	422,959	367,379	323,898	200,581	701,597
Total Revenue	\$95,551,678	\$84,723,832	\$85,207,628	\$79,534,505	\$66,511,845

Source: Northwest Local School District financial records.

- (1) Includes all governmental activities for full accrual. Fiscal years 2001 from 1996 include only the General Fund, presented on the modified accrual basis.
- (2) The increase in tax revenue from 1997 to 1998 was due to the passage of a tax levy.
- (3) The decrease in tax revenue from 1996 to 1997 was due to the implementation of a tax incremental financing program in Colerain Township.

<u>2000 Fiscal</u>	<u>1999 Fiscal</u>	<u>1998 Fiscal (2)</u>	<u>1997 Fiscal (3)</u>	<u>1996 Fiscal</u>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
\$34,748,729	\$37,918,458	\$31,764,696	\$27,680,535	\$29,455,801
414,737	0	0	0	0
821,371	464,028	283,451	487,996	419,735
1,089,943	831,628	1,033,108	743,572	780,927
25,843,339	23,311,757	20,194,194	19,337,128	19,222,784
616,976	554,600	1,254,388	630,702	572,568
<u>\$63,535,095</u>	<u>\$63,080,471</u>	<u>\$54,529,837</u>	<u>\$48,879,933</u>	<u>\$50,451,815</u>

NORTHWEST LOCAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
1996 - 2005

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection
2005	\$46,620,060	\$42,736,887	91.67%	\$1,335,766
2004	46,310,668	42,402,725	91.56%	1,351,030
2003	46,220,339	42,179,489	91.26%	1,074,522
2002	45,657,507	41,684,515	91.30%	1,499,105
2001	44,701,487	41,940,289	93.82%	977,718
2000	44,397,128	40,796,464	91.89%	1,058,792
1999	41,344,648	39,490,148	95.51%	952,897
1998	35,218,006	34,456,186	97.84%	936,117
1997	31,182,318	30,038,073	96.33%	863,955
1996	29,819,396	29,670,430	99.50%	634,158

Source: Hamilton County Auditor.

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Total Tax Collections	Percent Of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent Of Outstanding Delinquent Taxes To Tax Levied
\$44,072,653	94.54%	\$1,135,671	2.44%
\$43,753,755	94.48%	1,209,932	2.61%
43,254,011	93.58%	1,371,932	2.97%
43,183,620	94.58%	1,159,751	2.54%
42,918,007	96.01%	1,626,612	3.64%
41,855,256	94.27%	1,042,081	2.35%
40,443,045	97.82%	725,190	1.75%
35,392,303	100.49%	252,973	0.72%
30,902,028	99.10%	1,163,456	3.73%
30,304,588	101.63%	1,175,227	3.94%

NORTHWEST LOCAL SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN COLLECTION (CALENDAR) YEARS (1)
 1996 - 2005

Collection Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$1,373,527,170	\$3,924,363,343	\$82,003,290	\$328,013,160
2004	1,362,790,120	3,893,686,057	80,470,050	321,880,200
2003	1,349,682,730	3,856,236,371	92,866,910	371,467,640
2002	1,237,011,150	3,534,317,571	97,329,980	389,319,920
2001	1,208,252,230	3,452,149,229	90,245,710	360,982,840
2000	1,208,116,000	3,451,760,000	95,055,550	380,222,200
1999	998,197,040	2,851,991,543	91,721,330	366,885,320
1998	979,857,920	2,799,594,057	93,311,490	373,245,960
1997	956,619,790	2,733,199,400	90,163,750	360,655,000
1996	908,569,530	2,595,912,943	84,885,450	339,541,800

Source: Hamilton County Auditor.

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

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

Public Utilities Personal		Total		Ratio (2)
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$40,023,250	\$88,940,556	\$1,495,553,710	\$4,341,317,058	34.45%
39,727,050	84,525,638	1,482,987,220	4,300,091,895	34.49%
39,296,490	79,628,146	1,481,846,130	4,307,332,157	34.40%
37,730,740	76,455,400	1,372,071,870	4,000,092,892	34.30%
54,842,530	62,321,057	1,353,340,470	3,875,453,125	34.92%
59,406,000	67,506,818	1,362,577,550	3,899,489,018	34.94%
57,518,280	65,361,682	1,147,436,650	3,284,238,545	34.94%
56,979,500	64,749,432	1,130,148,910	3,237,589,449	34.91%
59,573,940	67,697,659	1,106,357,480	3,161,552,059	34.99%
57,953,340	65,856,068	1,051,408,320	3,001,310,811	35.03%

NORTHWEST LOCAL SCHOOL DISTRICT
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN COLLECTION (CALENDAR) YEARS
1996 - 2005

	Tax Year	2004	2003	2002	2001
	Collection Year	2005	2004	2003	2002
Northwest Local School District		\$49.64	\$49.64	\$49.64	\$47.80
Fairfield City		5.94	5.94	5.94	5.94
Forest Park City		12.76	11.08	11.08	11.08
North College Hill City		6.68	6.68	6.68	6.68
Colerain Township		16.18	16.18	16.18	15.18
Green Township		8.31	8.31	8.31	8.31
Springfield Township		20.30	20.30	20.30	20.30
Hamilton County		21.06	21.51	21.87	21.47

Source: Hamilton County Auditor.

2000	1999	1998	1997	1996	1995
2001	2000	1999	1998	1997	1996
\$49.80	\$50.13	\$50.18	\$50.18	\$43.15	\$43.15
5.94	4.54	4.54	4.54	4.54	4.54
6.33	6.33	6.33	6.33	6.33	6.33
6.68	6.68	6.68	6.68	6.68	4.88
15.18	10.84	12.34	12.34	12.34	12.34
8.81	8.81	8.81	8.81	8.81	8.81
14.30	14.30	14.30	14.30	13.30	13.30
19.92	20.83	19.54	19.01	19.44	18.30

NORTHWEST LOCAL SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBTS TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN COLLECTION (CALENDAR) YEARS
1996 - 2005

Collection Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
2005	85,875	\$1,495,553,710	\$22,305,000	\$1,645,092	\$20,659,908	1.38%	\$241
2004	85,875	1,482,987,220	22,845,000	1,503,424	21,341,576	1.44%	249
2003	85,875	1,481,846,130	23,340,000	1,737,195	21,602,805	1.46%	252
2002	85,875	1,372,071,870	23,790,000	1,628,901	22,161,099	1.62%	258
2001	85,875	1,353,340,470	24,200,000	1,517,390	22,682,610	1.68%	264
2000	85,875	1,362,577,550	24,575,000	1,429,554	23,145,446	1.70%	270
1999	67,373	1,147,436,650	24,910,000	1,070,537	23,839,463	2.08%	354
1998	67,373	1,130,148,910	25,000,000	553,118	24,446,882	2.16%	363
1997	67,373	1,106,357,480	0	38,134	0	0.00%	0
1996	67,373	1,051,408,320	150,000	192,447	0	0.00%	0

Source: (1) 1990 and 2000 Census data.
Department of Economic Development and Planning.
Population for interim years was not available.

(2) Hamilton County Auditor, calendar year basis.

NORTHWEST LOCAL SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 AS OF JUNE 30, 2005

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Northwest Local School District	\$22,305,000	100.00%	\$22,305,000
Overlapping:			
Fairfield City	27,680,000	0.01%	2,768
Forest Park City	5,565,000	12.48%	694,512
North College Hill City	1,024,926	1.14%	11,684
Colerain Township	9,930,000	93.30%	9,264,690
Green Township	500,000	27.75%	138,750
Fairfield Township	12,285,000	0.54%	66,339
Springfield Township	14,228,417	11.85%	1,686,067
Hamilton County	123,690,000	7.93%	9,808,617
Butler County	80,380,000	0.02%	16,076
Total Overlapping	275,283,343		21,689,503
Total Direct and Overlapping Debt	\$297,588,343		\$43,994,503

Source: Ohio Municipal Advisory Council.

NORTHWEST LOCAL SCHOOL DISTRICT
 COMPUTATION OF LEGAL DEBT MARGIN
 AS OF JUNE 30, 2005

Assessed Valuation of District \$1,495,553,710

Overall Direct Debt Limitation

Direct Debt Limitation		
9% of Assessed Valuation		\$134,599,834
Amount Available in Debt Service Fund		1,645,092
Gross Indebtedness	\$22,305,000	
Less: Debt Exempt from Limitation	<u>0</u>	
Debt Subject to 9% Limitation		<u>(22,305,000)</u>
Legal Debt Margin Within 9% Limitation		<u>\$113,939,926</u>

Unvoted Direct Debt Limitation

Unvoted Debt Limitation		
0.1% of Assessed Valuation		\$1,495,554
Amount Available in Debt Service Fund		
Related to Unvoted Debt		0
Gross Indebtedness Authorized by the Board	0	
Less: Debt Exempt from Limitation	<u>0</u>	
Debt Subject to 0.1% Limitation		<u>0</u>
Legal Debt Margin Within 0.1% Limitation		<u>\$1,495,554</u>

Energy Conservation Bond Limitation

(Ohio Revised Code Section 133.042)

Debt Limitation		
0.9% of Assessed Valuation		\$13,459,983
Energy Conservation Notes Authorized		
by the Board		0
Legal Debt Margin Within 0.9% Limitation		<u>\$13,459,983</u>

Source: Northwest Local School District records.

NORTHWEST LOCAL SCHOOL DISTRICT
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES (1)
 LAST TEN FISCAL YEARS
 1996 - 2005

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures (%)
2005	\$540,000	\$1,169,645	\$1,709,645	\$78,817,908	2.17%
2004	495,000	1,192,059	1,687,059	75,965,133	2.22%
2003	450,000	1,212,153	1,662,153	72,929,594	2.28%
2002	410,000	1,230,133	1,640,133	71,500,726	2.29%
2001	375,000	1,246,213	1,621,213	66,646,505	2.43%
2000	335,000	1,260,445	1,595,445	60,902,945	2.62%
1999	362,890	1,302,903	1,665,793	57,964,739	2.87%
1998	259,533	889,653	1,149,186	53,817,239	2.14%
1997	396,830	42,594	439,424	49,837,726	0.88%
1996	384,749	64,416	449,165	47,377,229	0.95%

Source: Northwest Local School District records.

(1) Includes General Fund only.

NORTHWEST LOCAL SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
 1996 - 2005

Fiscal Year	Population (1)	Average Federal Adjusted Gross Income (2)	School Enrollment (3)	Unemployment Rate (4)
2005	85,875	Unavailable	10,561	6.10%
2004	85,875	Unavailable	10,647	5.10%
2003	85,875	Unavailable	10,646	5.30%
2002	85,875	\$45,132	10,504	7.20%
2001	85,875	10,510	10,510	3.90%
2000	85,875	46,551	10,465	3.10%
1999	67,373	44,375	10,446	3.20%
1998	67,373	42,625	10,488	3.20%
1997	67,373	39,350	10,544	3.20%
1996	67,373	37,450	10,664	4.10%

- Source:
- (1) 1990 and 2000 Census data.
 Department of Economic Development and Planning.
 Population for interim years was not available.
 - (2) Ohio Department of Taxation.
 - (3) Northwest Local School District records.
 - (4) Greater Cincinnati Chamber of Commerce.
 Unemployment rate for Cincinnati Metropolitan area.

NORTHWEST LOCAL SCHOOL DISTRICT
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES
LAST TEN COLLECTION (CALENDAR) YEARS
1996 - 2005

Fiscal Year	Construction	Bank Deposits (1) (000's)	Real Property Values (2)
2005	\$14,521,350	\$143,149,055	\$1,373,527,170
2004	17,155,300	147,868,600	1,362,790,120
2003	16,263,800	145,359,134	1,349,682,730
2002	18,350,600	133,025,841	1,237,011,150
2001	15,525,000	76,137,192	1,208,252,230
2000	18,475,210	41,302,569	1,208,116,000
1999	23,015,000	23,939,085	998,197,040
1998	19,212,460	18,070,437	979,857,920
1997	21,586,570	21,598,936	956,619,790
1996	21,569,220	19,276,655	908,569,530

Source:

(1) Total deposits of all banks headquartered in Hamilton County, Ohio. Data was not available for the District only. Department of Commerce, Banks Division.

(2) Hamilton County Auditor.

NORTHWEST LOCAL SCHOOL DISTRICT
 REAL AND TANGIBLE PERSONAL PROPERTY
 TOP TEN PRINCIPAL TAXPAYERS
 AS OF JUNE 30, 2005

Name of Taxpayer	Real Property	Personal Property	Total Assessed Valuation	Percent of Total Assessed Valuation (1)
Cincinnati Gas and Electric Company	\$29,022,150	\$0	\$29,022,150	1.96%
Northgate Partners LLC	27,200,800	0	27,200,800	1.83%
Procter and Gamble Company	5,884,590	9,531,020	15,415,610	1.04%
Mills Forest Fair LLC	10,411,520	0	10,411,520	0.70%
KIR Colerain LLC	9,465,940	0	9,465,940	0.64%
Cincinnati Bell	8,454,230	0	8,454,230	0.57%
Cincinnati Mills	6,916,960	0	6,916,960	0.47%
Rumpke Sanitary Landfill of Ohio Inc.	3,989,520	2,598,890	6,588,410	0.44%
Prospect Partnership LTD	4,725,010	0	4,725,010	0.32%
Cobblewood Plaza	4,374,740	0	4,374,740	0.29%
Total	<u>\$110,445,460</u>	<u>\$12,129,910</u>	<u>\$122,575,370</u>	8.27%

Source: Hamilton County Auditor.

(1) The assessed valuation of the Northwest Local School District totaled for collection (calendar) year 2005.

NORTHWEST LOCAL SCHOOL DISTRICT
 NORTHWEST LOCAL SCHOOL DISTRICT AREA
 TEN LARGEST EMPLOYERS
 AS OF JUNE 30, 2005

Employer	Nature of Business	Number of Employees
Northwest Local School District	Public Education	1,315
Northgate Mall	Retail	1,125
Procter and Gamble Company	Research and Development	1,100
Rumpke Container Service	Sanitation and Landfill	915
Mills Forrest Fair	Retail	868
Kroger	Retail	424
Walmart	Retail	305
Clippard Instrument Lab Incorporated	Manufacturing	237
Thriftway	Retail	152
United States Postal Office	Postal Service	113

Source: Northwest Local School District records.

NORTHWEST LOCAL SCHOOL DISTRICT
 COST TO EDUCATE A 2005 GRADUATE

School Year (1)	Grade	Annual Per Pupil Cost (2)
1993	K	2,196
1994	1	4,243
1995	2	4,508
1996	3	4,708
1997	4	5,462
1998	5	5,929
1999	6	6,399
2000	7	6,539
2001	8	7,129
2002	9	7,504
2003	10	7,606
2004	11	7,914
2005	12	8,321
Total Cost		<u>\$78,458</u>

Source:

Northwest Local School District records.

- (1) School year is from July 1 through June 30.
- (2) Annual per pupil cost for all years except Kindergarten where amount is one-half annual per pupil cost. Annual cost per pupil on a cash basis.

NORTHWEST LOCAL SCHOOL DISTRICT
NUMBER OF TEACHERS: EDUCATION AND YEARS OF EXPERIENCE
AS OF JUNE 30, 2005

Education	Number of Teachers	Percentage of Total
Bachelor's Degree	112	16.64%
Bachelor's Degree + 15 Semester Hours	183	27.19%
Master's Degree	186	27.64%
Master's Degree + 15 Semester Hours	91	13.52%
Master's Degree + 30 Semester Hours	34	5.05%
Master's Degree + 45 Semester Hours	67	9.96%
Total Number of Teachers	<u>673</u>	<u>100.00%</u>

Experience	Number of Teachers	Percentage of Total
0 - 5 years	206	30.61%
6 - 10 years	150	22.29%
10 + years	317	47.10%
Total Number of Teachers	<u>673</u>	<u>100.00%</u>

Source: Northwest Local School District records.

NORTHWEST LOCAL SCHOOL DISTRICT
 SCHEDULE OF INSURANCE POLICIES
 AS OF JUNE 30, 2005

Company	Policy Number	Policy Period
Cincinnati Insurance Company	CPP-086-27-52	04/10/05 thru 4/10/2008
Cincinnati Insurance Company	CPP-086-27-52	04/10/05 thru 4/10/2008
Cincinnati Insurance Company	CPP-086-27-52	04/10/05 thru 4/10/2008
Cincinnati Insurance Company	CPP-086-27-52	04/10/05 thru 4/10/2008
Ohio School Plan	OH4000554-PO4-L	7/10/05 thru 7/10/06
Ohio School Plan	OH4000554-P04-L	7/10/05 thru 7/10/06
Ohio School Plan	OH4000554-PO4-A	7/10/05 thru 7/10/06
Ohio School Plan	OH4000554-P02-V	2/1/05 thru 2/1/06

Source: Northwest Local School District records.

Details of Coverage	Liability Limits	Deductible	Annual Premium
Buildings and Contents; Earthquake (Blanket)	\$115,418,400	\$2,500 (earthquake) 5.0%	\$74,372
Extra Expense	150,000	None	
Electronic Data Equipment	2,385,000	2,500	
Radio Equipment	70,000		
Crime	75,000	None	
Theft (inside & outside)	10,000	None	
Mobile Instruction Unit (Vans) Contents	60,000	500	
Education Liability	1,000,000 Per Incident 3,000,000 Aggregate	None	93,574
Umbrella Liability	2,000,000 Per Incident 2,000,000 Aggregate	None	
Fleet Excess Fleet	2,000,000 (Combined)	1,000	104,228
Violence Coverage	1,000,000	None	6,232

NORTHWEST LOCAL SCHOOL DISTRICT
 TRANSPORTATION STATISTICS
 AS OF JUNE 30, 2005

Number of Assigned School Buses in Fleet:	85
Average Age of School Buses in Fleet:	8.5 years

Number of Bus Drivers:	85
Average Number of Years Experience:	10

Number of Miles Driven Per Day:	5,944
Number of Miles Driven Annually:	1,081,808
Average Annual Miles per Bus:	12,727

Number of Students Transported per Day:	
Public School Students	6,478
Non-Public School Students	2,760
Handicapped Students	187
Preschool Students	61
	<hr/>
Total:	9,486

Percent of Student Enrollment Transported:	
Public	70%
Non-Public	29%
Other	1%

Source: Northwest Local School District records.

NORTHWEST LOCAL SCHOOL DISTRICT
 SCHOOL PARTNERSHIP PROGRAM PARTICIPANTS
 AS OF JUNE 30, 2005

<u>SCHOOL</u>	<u>BUSINESS PARTNER</u>
Bevis Elementary School	Nolte Precise Manufacturing, Inc. Outback Steakhouse
Colerain Elementary School	Cincinnati Financial Corporation Biggs Supermarket
Colerain Middle School	Cincinnati Financial Corporation
Colerain Senior High School	Cincinnati Financial Corporation Northwest Employees Credit Union
Colerain Career Center	Home Depot
Houston Elementary School	Joseph Chevrolet Biggs Supermarket Cincinnati Mills
Monfort Heights Elementary School	Caldwell Banker / West Shell Realtors Sur-Seal White Oak Kiawanis
Northwest Senior High School	Huber General Contracting Northwest Employees Credit Union
Pleasant Run Elementary School	Star One Realty Cincinnati Mills
Pleasant Run Middle School	Rumpke Consolidated CO., Inc.
Struble Elementary School	Union Central Life Insurance Company WesBanco
Taylor Elementary School	COBCO Enterprises - McDonalds Nestle USA
Weigel Elementary School	Cincinnati Mills
Welch Elementary School	Cincinnati Mills
White Oak Middle School	Cincinnati Mills
Preschool Program	Border's Books

Source: Northwest Local School District records.



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

NORTHWEST LOCAL SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2006**