

LOVELAND CITY SCHOOL DISTRICT, OHIO

Single Audit Reports

June 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
Loveland City School District
757 South Lebanon Road
Loveland, Ohio 45140

We have reviewed the *Independent Auditors' Report* of the Loveland City School District, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2005 to June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 15, 2007

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LOVELAND CITY SCHOOL DISTRICT, OHIO

Table of Contents

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2 - 3
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	4 - 5
Schedule of Findings and Questioned Costs	6 - 7
Schedule of Prior Audit Findings	8

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LOVELAND CITY SCHOOL DISTRICT, OHIO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2006

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Food Donation	n/a	10.550	\$ 48,348	48,348
National School Lunch Program	LLP4	10.555	147,419	147,419
Nutrition Training Grant	n/a	10.574	<u>1,470</u>	<u>1,470</u>
Total U.S. Department of Agriculture			<u>197,237</u>	<u>197,237</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education - Grants to States	6BSF	84.027	905,918	936,011
Special Education - Preschool Grants	PGS1	84.173	<u>20,352</u>	<u>25,539</u>
Total Special Education Cluster			<u>926,270</u>	<u>961,550</u>
Title I Grants to Local Educational Agencies	C1S1/C1SD	84.010	130,254	127,980
Safe and Drug-Free Schools and Communities	DRS1	84.186	12,469	12,469
Innovative Education Program Strategies	C2S1	84.298	14,011	14,011
Education Technology State Grants	TJS1	84.318	2,370	2,370
Improving Teacher Quality State Grants	TRS1	84.367	107,725	107,725
Limited English Proficiency	n/a	84.365	4,500	4,500
Hurricane Relief Act	n/a	84.938	<u>13,500</u>	<u>13,500</u>
Total U.S. Department of Education			<u>1,211,099</u>	<u>1,244,105</u>
Total Federal Awards			\$ <u>1,408,336</u>	<u>1,441,342</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

NOTE C - MATCHING REQUIREMENTS

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



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

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

To the Board of Education
Loveland City School District, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Loveland City School District, Ohio (the School District) as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2006-1.

We noted certain matters that we reported to management of the School District in a separate letter dated December 8, 2006.

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

Clark, Schaefer, Haskett & Co.

Cincinnati, Ohio
December 8, 2006



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

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

To the Board of Education
Loveland City School District, Ohio:

Compliance

We have audited the compliance of Loveland City School District, Ohio (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2006, and have issued our report thereon dated December 8, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 8, 2006

LOVELAND CITY SCHOOL DISTRICT, OHIO

Schedule of Findings and Questioned Costs

Year Ended June 30, 2006

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Reportable condition(s) identified that are not considered to be material weaknesses?	no
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Reportable condition(s) identified not considered to be material weaknesses?	no
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required To be reported in accordance with section 510(a) of OMB Circular A-133?	no
Identification of major programs:	
<i>Special Education Cluster:</i>	
<i>CFDA 84.027 – Special Education - Grants to States</i>	
<i>CFDA 84.173 – Special Education - Preschool</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

2006-1 Encumbrances

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and free from any previous encumbrances. During our testing of expenditures, we noted instances where the invoice dates occurred prior to the purchase order dates, indicating obligations were made prior to certification by the fiscal officer.

***Managements' response:** The Treasurer will implement processes to ensure the purchase orders are prepared prior to the order, or issue a Then & Now Certificate in accordance with the requirements prescribed by Ohio Revised Code Section 5705.41(D)(1).*

Section III - Federal Award Findings and Questioned Costs

None.

LOVELAND CITY SCHOOL DISTRICT, OHIO

Schedule of Prior Audit Findings

Year Ended June 30, 2006

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with internal controls over compliance were reported in the prior year.

2005-1 Estimated Revenues and Appropriations

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and free from any previous encumbrances. During 2006, certain expenditures were not properly encumbered; indicating obligations were made prior to certification by the fiscal officer.

Not corrected and repeated as 2006-1



Comprehensive Annual Financial Report



Art by John McNally, Loveland High School Student

Loveland City School District
Loveland, Ohio

For the Fiscal Year Ending
June 30, 2006

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**LOVELAND CITY SCHOOL DISTRICT
LOVELAND, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**PREPARED BY:
OFFICE OF THE TREASURER
JILL MANVILLE, TREASURER/CFO**

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TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	vii
List of Principal Officials	xvii
Organizational Chart	xviii
GFOA Certificate of Achievement for Excellence in Financial Reporting	xix
ASBO Certificate of Excellence in Financial Reporting	xx
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Assets - Fiduciary Fund	18
Notes to the Basic Financial Statements	19
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	42
Notes to the Required Supplementary Information	43
Combining Statements and Individual Fund Schedules:	
Fund Descriptions - Nonmajor Funds	46
Nonmajor Governmental Funds:	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	51
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	58

TABLE OF CONTENTS

	<u>Page</u>
Agency Funds:	
Statement of Changes in Assets and Liabilities	63
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis):	
Public School	64
Learning Links	65
Athletic	66
Auxiliary Services	67
Career Education	68
Management Information	69
Entry Year Program	70
Disadvantaged Pupil Impact Aid	71
Network Connectivity	72
School Net Professional Development	73
Ohio Reads	74
Summer Intervention	75
Poverty Aid Assistance	76
Safe School Hot Line	77
Title VI-B Preschool	78
Carl Perkins	79
Title III	80
Title I	81
Title VI	82
Drug Free Schools	83
EHA Preschool	84
Improving Teacher Quality	85
Continuous Improvement Grant	86
Food Services	87
Debt Service	88
Permanent Improvement	89

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
STATISTICAL SECTION		
Net Assets by Component	1	91
Expenses, Program Revenues and Net (Expense)/Revenue	2	92
General Revenues and Total Change in Net Assets	3	93
Fund Balances, Governmental Funds	4	94
Governmental Funds Revenues	5	95
Governmental Funds Expenditures and Debt Service Ratio	6	96
Other Financing Sources and Uses and Net Change in Fund Balances	7	97
Assessed Value and Actual Value of Taxable Property	8	98
Direct and Overlapping Property Tax Rates	9	101
Principal Property Tax Payers	10	104
Property Tax Levies and Collections	11	107
Outstanding Debt by Type	12	110
Direct and Overlapping Governmental Activities Debt	13	111
Legal Debt Margin Information	14	112
Demographic and Economic Statistics	15	113
Principal Employers	16	116
Full-Time - Equivalent District Employees by Type	17	119
Operating Statistics	18	120
School Building Information	19	121

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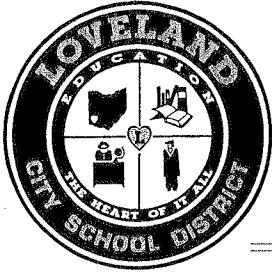


INTRODUCTORY SECTION



Comprehensive Annual Financial Report
Loveland City School District Loveland, Ohio
For the Fiscal Year Ending June 30, 2006

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Loveland City School District

757 S. Lebanon Road • Loveland, Ohio 45140

Telephone (513) 683-5600

Fax (513) 683-5697

December 31, 2006

To The Citizens and Board of Education
of the Loveland City School District:

The Comprehensive Annual Financial Report [CAFR] of the Loveland City School District [District] for the fiscal year ended June 30, 2006, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from Clark, Schaefer, Hackett & Co. and conforms to Generally Accepted Accounting Principles (GAAP) 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 Loveland City School District with comprehensive financial data in a format, which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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 GFOA and ASBO certificates the District received for the June 30, 2005 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the independent auditors' 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; and special education programs. Post-secondary enrollment options are also offered.

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: St. Columban and Children's Meeting House Montessori School. 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 just northeast of the city of Cincinnati. The School's community lies in the corners of the counties of Hamilton, Clermont and Warren and is comprised of approximately 10.6 square miles. The District surrounds the City of Loveland and overlaps portions of the townships of Symmes, Miami, Hamilton and Goshen.

Property tax revenues of the residential/agricultural class predominantly support Loveland City Schools. Through the continued conversion of agricultural land into upscale residential properties being inhabited by well-educated upper middle-class families, Loveland City Schools is secure in its economic future in that the community understands and supports the value of education not just for sustaining property values, but because of the intrinsic value it has brought to their own lives and their desire to insure this for the children.

The District is as stable as the region in which the community works. Since Loveland City Schools is the largest employer within the District's boundaries, it is safe to say that the District's economic stability is as broad based as the businesses in Cincinnati and surrounding areas, which employ these taxpayers.

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 now houses 4,366 students in one high school, one middle school, one intermediate school and three elementary schools.

CONSTRUCTED	SCHOOL ADDRESS	OCTOBER 2006 ENROLLMENT
1963	Loveland Early Childhood Center 6740 Loveland Miamiville Road	317
1957	Loveland Primary School 550 Loveland Maderia Road	646
1941	Loveland Elementary School 600 Loveland Madeira Road	699
2000	Loveland Intermediate School 757 South Lebanon Road	669
1962	Loveland Middle School 801 South Lebanon Road	729
1992	Loveland High School 1 Tiger Trail	1,306

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, 2006, were as follows:

BOARD MEMBER	BEGAN SERVICE	TERM EXPIRES	PROFESSION
Dr. Kathryn Lorenz	November, 1991	December, 2007	Professor
Mrs. Christine Olsen	January, 2002	December, 2009	Business Manager
Dr. James L. Kolp	January, 2000	December, 2007	Physician
Dr. Judy McClanahan	January, 1998	December, 2009	Homemaker
Mrs. Linda Pennington	January, 1996	December, 2009	Homemaker

The Superintendent is the chief executive officer of the District and responsible directly to the Board of Education for educational and support operations. Dr. Kevin Boys was appointed Superintendent in July of 2002. Prior to his appointment in Loveland, Dr. Boys served as a teacher, principal, and assistant superintendent in Sycamore Community School District for 23 years. Dr. Boys graduated summa cum laude from the University of Cincinnati, received a Master of Education degree from Xavier University and earned his doctorate degree in Educational Leadership from Miami University.

The Treasurer is the chief financial officer of the District who reports directly to the Board of Education. The Treasurer/CFO is responsible 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. Ms. Manville spent the first four years of her career as Assistant Auditor with the State of Ohio. The next four years of her career were spent in the corporate sector as Senior Assistant/Buyer for Honda International Trade. In 1994, she accepted the position of Treasurer of Triad Local School District in North Lewisburg, Ohio. In March of 1999, she was selected Treasurer/CFO of Loveland City School District. Ms. Manville holds a Bachelor of Science Degree in Business Administration from Urbana University. In 1997, she was inducted in Sigma Beta Delta's National Honor Society in Business, Management and Administration. Ms. Manville graduated from the Ohio Association of School Business Officials Leadership Academy in November of 2003. Ms. Manville is currently seeking her Master's degree in Business Administration at Xavier University, Cincinnati, Ohio.

EMPLOYEE RELATIONS

The District currently has approximately 648 full-time employees. The number of employees has been steady for the last several years. During the 2006 fiscal year, the District paid from its General Fund \$22,089,319 in salaries and wages, and \$7,273,968 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 Loveland Education Association [LEA]. The District has a collective bargaining agreement with LEA which expires June 30, 2007. The District's classified employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees [OAPSE]. The District has a collective bargaining agreement with OAPSE which expires June 30, 2007.

SERVICES PROVIDED

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

Transportation is provided for over 5,624 students each day. The District fleet of buses travels over 3,386 miles each day transporting to 24 different sites. In addition to making more than 305 daily runs, the department transported both public and non-public students on 934 extra-curricular trips during the year.

The food service department served 255,153 plate lunches through the District's five kitchens. This is accomplished through the full operation of three kitchens (one kitchen services two adjoining buildings, each having their own dining room) and two satellite 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 services.

Health services are provided by district registered nurses and health aides at each of the six school sites.

The District offers regular instructional programs daily to students in grades K-12. There are approximately 47 students in the specific trades through career-technical education. Over 455 students receive special services, due to identified disabilities. In grades 3-8, approximately 120 students participated in the gifted program. The District presented 267 high school diplomas in 2006.

LOVELAND SCHOOLS

FOCUS STATEMENT

Loveland School District provides the experiences that empower each student to develop and use personal strengths to maximize individual potential.

Loveland Schools will continue to:

- Foster individual achievement according to desires, needs, interests and abilities
- Demonstrate flexibility in creatively meeting the needs of the school community
- Prioritize the allocation of resources accordingly

This is demonstrated by designation of academic “excellence,” success of individual students, and continued financial support of the community.

LOVELAND SCHOOLS GUIDING PRINCIPLES

Student academic achievement is our primary product.

- We are student focused
- We seek to be recognized for student academic achievement
- We inspire and enable students in academic achievement
- We affirm students for academic performance

We build cooperative relationships with all parties who contribute to fulfilling our purpose. This includes students, staff, parents and community.

- Interests of school and community are inseparable and interdependent
- We show respect for all individuals and work to build confidence and trust
- We develop close, mutually productive, cooperative relationships with the community
- We communicate clearly, broadly and honestly with all stakeholders

We are a learning community:

- We believe that it is the responsibility of all individuals to continually develop themselves and other members of the learning community
- We value personal achievement
- We value professional achievement
- We recognize achievement is broader than academics alone

Ideas and concepts are evaluated as they relate to our vision and strategies:

- Both innovative and proven programs will contribute to the success of Loveland schools
- Research data is used to evaluate programs prior to their implementation
- Benchmarks are used to evaluate the performance of ongoing programs
- Flexibility is an important aspect for the use of resources in our school system

SUMMARY OF RESULTS

For the sixth consecutive year, the Loveland City School District has earned the designation of “Excellent” on the Ohio Department of Education’s state report card, meeting 100% of the state’s 25 indicators. Only 16.3% of Ohio’s schools met 100% of the standards.

Each school district in Ohio is also given a performance index score. The score is a weighted average of all Ohio Achievement tests. The most weight is given to the advanced students and the weights then decrease for each performance level (accelerated, proficient, basic, below basic). This creates a scale of 0 to 120 points, with 100 being the goal. Loveland’s performance index score for 2005-2006 is 105.2, up from last year’s result of 102.7.

Loveland students continue to score above the state average in all areas of the ACT.

Grad Year	Total Tested		English		Mathematics		Reading		Science		Composite	
	Local	State	Local	State	Local	State	Local	State	Local	State	Local	State
2003-2004	177	81,510	22.0	20.7	21.5	21.1	23.2	21.9	22.3	21.5	22.4	21.4
2004-2005	190	80,732	23.2	20.7	22.4	21.2	24.0	21.9	23.1	21.5	23.3	21.4
2005-2006	176	81564	23	20.8	23.3	21.3	23.6	21.9	23.2	21.5	23.4	21.5

In a 2005 Ohio Board of Regents report, “Making the Transition from High School to College in Ohio,” Loveland High School had the smallest percentage of students (among all public schools in Hamilton County) requiring remedial course work in college.

Under the federal “No Child Left Behind” legislation, the final goal for all students is to reach the proficient level in reading and mathematics by 2013-14. Until then, yearly goals are set requiring a specific percentage of students in 10 sub-groups, such as African American, Hispanic, White and those with special education needs on an Individualized Education Plan (IEP), to reach proficiency in these subjects. If any goal in any one of these sub-groups is missed, the district does not meet Adequate Yearly Progress (AYP) for the year. Loveland did not meet AYP for the 2005-06 school year because the IEP sub-group did not meet a proficiency level in reading. The district’s results, however, did show improvement by making AYP in mathematics (not met the previous year) and by decreasing the number of students with disabilities who did not score as proficient readers.

In order to maintain excellence, meet increasingly difficult AYP goals, and continue to demonstrate to our stakeholders a strong return on its investment in our schools, the Board identified the following priorities to be initiated during the 2006-2007 school year:

1. Maintain the District's excellent rating with focus on:
 - A value-added approach to measuring individual student achievement
 - Providing a formalized intervention system for each student below proficient
 - Meeting AYP
2. Foster awareness of District successes and challenges while strengthening connections with all District stakeholders.
3. Manage increasing enrollment within the financial realities created by Ohio House Bill 66 and state and federal funding limitations.
4. Continue to identify and implement further reductions in expenditures to improve the financial health of the District.
5. Implement new science and math programs in grades K-6.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

The accounting system used by the District provides financial reports, which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to the financial statements retained in the Treasurer's Office, each program manager can monitor their budgets by running interim financial reports.

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

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

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 \$626,199 for the year ended June 30, 2006.

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 continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2006 is included in Note 14 of the notes to the basic financial statements.

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark, Schaefer, Hackett and Company performed the audit for the fiscal year ended June 30, 2006. The auditor's unqualified opinion rendered on the District's basic financial statements is included in the financial section of this Comprehensive Annual Financial Report.

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, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate of Excellence

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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2005. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2006, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

PAFR Outstanding Achievement Award

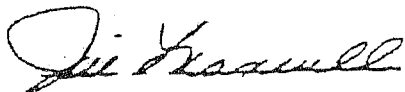
The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the District's Popular Annual Financial Report for the fiscal year ending June 30, 2005. This Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. The Popular Annual Financial Report for fiscal year 2006 will be submitted to GFOA for review and we believe it will conform to these high standards.

ACKNOWLEDGEMENTS

The preparation of the 2006 Comprehensive Annual Financial Report of the Loveland City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jill D. Manville".

Jill D. Manville
Treasurer/CFO

LOVELAND CITY SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

June 30, 2006

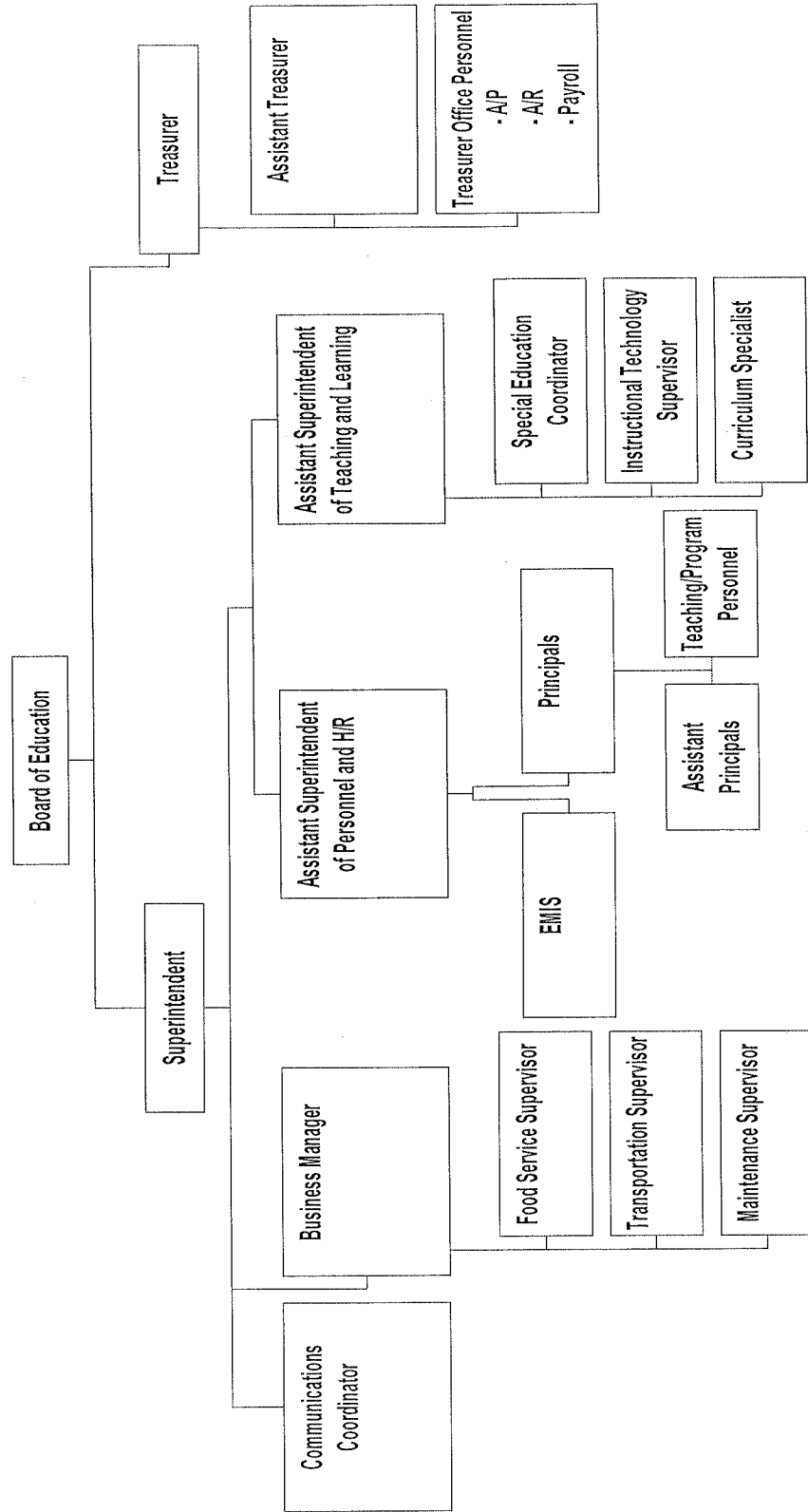
BOARD OF EDUCATION

President	Dr. Judy McClanahan
Vice President	Mrs. Christine Olsen
Board Member	Dr. James Kolp
Board Member	Dr. Kathryn Lorenz
Board Member	Mrs. Linda Pennington

ADMINISTRATIVE OFFICIALS

Superintendent	Dr. Kevin Boys
Treasurer/CFO	Ms. Jill Manville

Organizational Chart Loveland City School District



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Loveland City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LOVELAND CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005

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

President

Interim Executive Director



FINANCIAL SECTION



Comprehensive Annual Financial Report
Loveland City School District Loveland, Ohio
For the Fiscal Year Ending June 30, 2006

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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Loveland City School District, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Loveland City School District, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 42 through 44, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Harkett & Co.

Cincinnati, Ohio
December 8, 2006

**LOVELAND CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

The discussion and analysis of Loveland City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. 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 2006 are as follows:

- Net assets of governmental activities increased \$3,011,716 which represents a 11% increase from 2005.
- General revenues accounted for \$43,375,775 in revenue or 92% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,817,646 or 8% of total revenues of \$47,193,421.
- The District had \$44,181,705 in expenses related to governmental activities; \$3,817,646 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$43,375,775 were adequate to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *Statement of Net Assets* and *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. 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, Debt Service and Permanent Improvement Funds are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" 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 two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

Fund Financial Statements

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

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

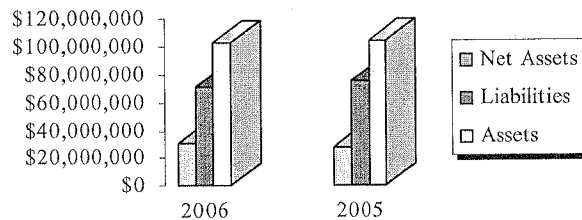
Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

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 2006 compared to 2005:

	Governmental Activities	
	2006	2005 Restated
Assets		
Current Assets	\$50,388,954	\$52,699,698
Capital Assets	51,876,318	51,425,375
Total Assets	102,265,272	104,125,073
Liabilities		
Long-Term Liabilities	34,165,196	38,701,065
Other Liabilities	36,626,373	36,962,021
Total Liabilities	70,791,569	75,663,086
Net Assets		
Invested in Capital		
Assets Net of Debt	6,801,351	408,992
Restricted	6,679,212	6,370,017
Unrestricted	17,993,140	21,682,978
Total Net Assets	\$31,473,703	\$28,461,987



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$31,473,703.

At year-end, capital assets represented 51% of total assets. Capital assets include land, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2006, was \$6,801,351. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$6,679,212, represents resources that are subject to external restriction on how they must be used. The remaining balance of unrestricted net assets of \$17,993,140 may be used to meet the District's ongoing obligations to the students and creditors. The external restriction will not affect the availability of fund resources for future use.

Net assets of governmental activities increased \$3,011,716 from 2005 to 2006, which represents an overall improvement in financial position. Current assets and long-term liabilities decreased from 2005 primarily due to the District making its regularly scheduled debt (principal) payments and paying off the HVAC capital lease during the current fiscal year. The increase in capital assets net of debt was mainly due to the decrease in long-term liabilities along with the capital assets, net remaining relatively consistent during 2006.

Table 2 shows the change in net assets for fiscal year 2006 with comparisons to fiscal year 2005.

Table 2
Changes in Net Assets

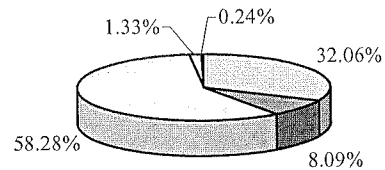
	Governmental Activities	
	2006	2005
Program Revenues:		
Charges for Services	\$1,743,684	\$1,760,237
Operating Grants	2,057,239	1,898,746
Capital Grants	16,723	66,605
General Revenue:		
Property Taxes	27,502,511	28,129,176
Grants and Entitlements	15,131,748	14,157,737
Other	741,516	506,504
Total Revenues	<u>47,193,421</u>	<u>46,519,005</u>
Program Expenses:		
Instruction	23,699,226	21,240,499
Support Services:		
Pupil and Instructional Staff	3,588,450	2,984,853
General and School Administrative, Fiscal and Business	4,079,412	3,959,272
Operations and Maintenance	3,514,549	3,141,681
Pupil Transportation	3,421,326	2,763,732
Central	1,166,225	976,129
Operation of Non-Instructional Services	1,871,250	1,586,249
Extracurricular Activities	779,120	1,030,666
Interest and Fiscal Charges	2,062,147	3,045,971
Total Expenses	<u>44,181,705</u>	<u>40,729,052</u>
Change in Net Assets	3,011,716	5,789,953
Beginning Net Assets	<u>28,461,987</u>	<u>22,672,034</u>
Ending Net Assets	<u>\$31,473,703</u>	<u>\$28,461,987</u>

The District revenues are mainly from two sources. Property taxes levied for general, debt service and capital projects purposes and grants and entitlements comprised 90% of the District's revenues for governmental activities.

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

Thus Ohio districts 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 58% of revenue for governmental activities for the District in fiscal year 2006.

Revenue Sources	2006	Percent of Total
General Grants	\$15,131,748	32.06%
Program Revenues	3,817,646	8.09%
General Tax Revenues	27,502,511	58.28%
Investment Earnings	626,199	1.33%
Other Revenues	115,317	0.24%
	<u>\$47,193,421</u>	<u>100.00%</u>



Instruction comprises 54% of governmental program expenses. Support services expenses were 36% of governmental program expenses. All other expenses including interest expense were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Taxes revenue decreased primarily due to advances available decreasing from 2005, while grants and entitlements increased due to an increase in the amount of grant monies received in 2006 compared to 2005. Instruction expenses increased over the prior year due to increases of personnel costs and general inflationary factors. Operation and maintenance and pupil transportation increased due to the District's renewed commitment to facility and transportation improvements throughout the District. Interest and fiscal charges decreased from the prior year, since the District refunded debt in 2005, in which they expensed some issuance costs.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Instruction	\$23,699,226	\$21,240,499	(\$22,764,019)	(\$19,924,270)
Support Services:				
Pupil and Instructional Staff	3,588,450	2,984,853	(2,927,386)	(2,681,528)
General and School Administrative, Fiscal and Business	4,079,412	3,959,272	(4,060,856)	(3,941,370)
Operations and Maintenance	3,514,549	3,141,681	(3,500,728)	(3,126,624)
Pupil Transportation	3,421,326	2,763,732	(3,404,603)	(2,733,247)
Central	1,166,225	976,129	(1,130,721)	(949,184)
Operation of Non-Instructional Services	1,871,250	1,586,249	(114,401)	34,745
Extracurricular Activities	779,120	1,030,666	(399,198)	(636,015)
Interest and Fiscal Charges	2,062,147	3,045,971	(2,062,147)	(3,045,971)
Total Expenses	<u>\$44,181,705</u>	<u>\$40,729,052</u>	<u>(\$40,364,059)</u>	<u>(\$37,003,464)</u>

The District's Funds

The District has three major governmental funds: the General Fund, Debt Service Fund and Permanent Improvement Fund. Assets of the general fund comprised \$28,587,771 (57%), the debt service fund comprised \$8,809,612 (18%) and the permanent improvement fund comprised \$11,599,482 (23%) of the total \$50,158,217 governmental funds assets.

General Fund: Fund balance at June 30, 2006 was \$10,214,022 a decrease in fund balance of \$773,260 from 2005. The primary reason for the decrease in fund balance was a decrease in tax revenue mainly due to a decrease in taxes available for advance in 2006 compared to 2005.

Debt Service Fund: Fund balance at June 30, 2006 was \$5,816,202 including \$4,243,330 of unreserved balance. The increase in fund balance of \$314,934 from 2005, was mainly due to an increase in taxes revenue due to taxes available for advance in 2006 compared to 2005.

Permanent Improvement Fund: Fund balance at June 30, 2006 was (\$4,182,701) a decrease of \$1,857,415 from 2005. The decrease in fund balance was mainly due to an increase in principal retirement payments and interest and fiscal charges due to the District making regular scheduled debt payments and paying off the capital lease for the HVAC system early.

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.

During the course of fiscal 2006, the District amended its general fund budget several times, however none were 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 \$34,755,734, compared to original budget estimates of \$32,713,424. Of the \$2,042,310 difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District's ending unobligated cash balance for the general fund was \$42,329 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$51,876,318 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2006 balances compared to fiscal 2005:

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

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$1,436,356	\$1,436,356
Buildings and Improvements	46,359,498	46,526,575
Equipment	<u>4,080,464</u>	<u>3,462,444</u>
Total Net Capital Assets	<u>\$51,876,318</u>	<u>\$51,425,375</u>

The increase in capital assets is due to the purchase of computers for use in classrooms throughout the District and the purchase of school buses.

See Note 6 in the notes to the basic financial statements for the details on the District's capital assets.

Debt

At June 30, 2006, the District had \$31,833,168 in debt outstanding, \$3,724,067 due within one year. Table 5 summarizes total debt outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2006	2005
Bonds and Notes Payable:		
1999 Bond Issue	\$7,444,467	\$8,334,467
Refunding Bonds:		
Current Interest Bonds -		
School Improvement	21,085,000	23,655,000
Capital Appreciation Bonds	1,516,435	1,326,267
Premium on Bonds	1,787,266	1,881,333
Subtotal Bonds	31,833,168	35,197,067
Capital Leases Payable:		
HVAC Lease	0	827,107
Note Payable:		
2002 Note Issue	0	264,000
Total Outstanding Debt at Year End	<u>\$31,833,168</u>	<u>\$36,288,174</u>

The District's total debt decreased by \$4,455,006 (\$4,645,174 in principal payments net of \$190,168 in accreted interest for capital appreciation bonds) during the current fiscal year. The District paid off both the HVAC capital lease and the 2002 Note Issue during the current fiscal year. During the fiscal year, the District made all other regularly scheduled debt payments.

See Note 8 in the notes to the basic financial statements for the details on the District's long term obligations.

For the Future

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

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

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. Even though the District is projecting a slight decrease in enrollment, the need for increased revenues is projected for fiscal year 2007. This increased funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

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 Jill Manville at Loveland City School District, 757 South Lebanon Road, Loveland, Ohio 45140.

Loveland City School District
Statement of Net Assets
June 30, 2006

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$22,066,366
Restricted Cash and Investments	336,785
Receivables:	
Taxes	27,500,664
Accounts	9,373
Intergovernmental	199,419
Deferred Bond Issuance Costs	258,201
Inventory	18,146
Nondepreciable Capital Assets	1,436,356
Depreciable Capital Assets, Net	<u>50,439,962</u>
 Total Assets	 <u>102,265,272</u>
Liabilities:	
Accounts Payable	337,583
Accrued Wages and Benefits	5,031,965
Accrued Interest Payable	144,526
Unearned Revenue	17,612,299
Tax Anticipation Notes Payable	13,500,000
Long-Term Liabilities:	
Due Within One Year	4,100,028
Due In More Than One Year	<u>30,065,168</u>
 Total Liabilities	 <u>70,791,569</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	6,801,351
Restricted for:	
Special Revenue	505,969
Debt Service	5,836,458
Set-Aside	336,785
Unrestricted	<u>17,993,140</u>
 Total Net Assets	 <u>\$31,473,703</u>

See accompanying notes to the basic financial statements.

Loveland City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$18,177,521	\$328,718	\$242,393	\$0	(\$17,606,410)
Special	4,509,146	0	356,781	0	(4,152,365)
Vocational	622,852	0	0	0	(622,852)
Other	389,707	0	7,315	0	(382,392)
Support Services:					
Pupil	2,042,010	0	294,804	0	(1,747,206)
Instructional Staff	1,546,440	0	366,260	0	(1,180,180)
General Administration	94,713	0	0	0	(94,713)
School Administration	2,677,737	18,556	0	0	(2,659,181)
Fiscal	1,104,300	0	0	0	(1,104,300)
Business	202,662	0	0	0	(202,662)
Operations and Maintenance	3,514,549	13,821	0	0	(3,500,728)
Pupil Transportation	3,421,326	0	0	16,723	(3,404,603)
Central	1,166,225	0	35,504	0	(1,130,721)
Operation of Non-Instructional Services	1,871,250	1,002,667	754,182	0	(114,401)
Extracurricular Activities	779,120	379,922	0	0	(399,198)
Interest and Fiscal Charges	2,062,147	0	0	0	(2,062,147)
Total Governmental Activities	\$44,181,705	\$1,743,684	\$2,057,239	\$16,723	(40,364,059)

General Revenues:

Property Taxes Levied for:

General Purposes	19,406,760
Debt Service Purposes	4,564,989
Capital Projects Purposes	3,530,762
Grants and Entitlements not Restricted to Specific Programs	15,131,748
Unrestricted Contributions	900
Investment Earnings	626,199
Other Revenues	114,417

Total General Revenues 43,375,775

Change in Net Assets 3,011,716

Net Assets Beginning of Year 28,461,987

Net Assets End of Year \$31,473,703

See accompanying notes to the basic financial statements.

Loveland City School District
Balance Sheet
Governmental Funds
June 30, 2006

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$8,009,677	\$4,243,330	\$8,695,850	\$1,117,509	\$22,066,366
Restricted Cash and Investments	336,785	0	0	0	336,785
Receivables:					
Taxes	20,030,750	4,566,282	2,903,632	0	27,500,664
Accounts	8,734	0	0	639	9,373
Intergovernmental	174,361	0	0	25,058	199,419
Interfund	27,464	0	0	0	27,464
Inventory	0	0	0	18,146	18,146
Total Assets	28,587,771	8,809,612	11,599,482	1,161,352	50,158,217
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	27	0	332,483	5,073	337,583
Accrued Wages and Benefits	4,712,814	0	31,055	288,096	5,031,965
Compensated Absences	216,729	0	0	0	216,729
Interfund Payable	0	0	0	27,464	27,464
Deferred Revenue	13,444,179	2,993,410	1,918,645	3,200	18,359,434
Tax Anticipation Notes Payable	0	0	13,500,000	0	13,500,000
Total Liabilities	18,373,749	2,993,410	15,782,183	323,833	37,473,175
Fund Balances:					
Reserved for Encumbrances	6,237	0	1,000,318	8,882	1,015,437
Reserved for Inventory	0	0	0	18,146	18,146
Reserved for Property Tax Advances	6,586,571	1,572,872	984,987	0	9,144,430
Reserved for Set-Aside	336,785	0	0	0	336,785
Unreserved, Undesignated, Reported in:					
General Fund	3,284,429	0	0	0	3,284,429
Special Revenue Funds	0	0	0	810,491	810,491
Debt Service Funds	0	4,243,330	0	0	4,243,330
Capital Projects Funds	0	0	(6,168,006)	0	(6,168,006)
Total Fund Balances	10,214,022	5,816,202	(4,182,701)	837,519	12,685,042
Total Liabilities and Fund Balances	\$28,587,771	\$8,809,612	\$11,599,482	\$1,161,352	\$50,158,217

See accompanying notes to the basic financial statements.

Loveland City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2006

Total Governmental Fund Balance		\$12,685,042
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,876,318
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	743,935	
Intergovernmental	<u>3,200</u>	
		747,135
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.		(144,526)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(2,115,299)</u>	
		(2,115,299)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		258,201
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(31,833,168)</u>
Net Assets of Governmental Activities		<u><u>\$31,473,703</u></u>

See accompanying notes to the basic financial statements.

Loveland City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$19,490,265	\$4,577,195	\$3,545,948	\$0	\$27,613,408
Tuition and Fees	326,734	0	0	14,270	341,004
Investment Earnings	391,739	0	229,410	5,050	626,199
Intergovernmental	14,238,951	551,742	365,092	2,046,724	17,202,509
Extracurricular Activities	0	0	0	365,652	365,652
Charges for Services	0	0	0	1,002,667	1,002,667
Other Revenues	153,349	0	0	28,570	181,919
Total Revenues	34,601,038	5,128,937	4,140,450	3,462,933	47,333,358
Expenditures:					
Current:					
Instruction:					
Regular	16,855,473	0	845,215	192,001	17,892,689
Special	3,789,094	0	9,259	525,329	4,323,682
Vocational	122,298	0	0	0	122,298
Other	389,707	0	0	0	389,707
Support Services:					
Pupil	1,835,515	0	6,767	281,257	2,123,539
Instructional Staff	957,838	0	192,987	289,359	1,440,184
General Administration	94,713	0	0	0	94,713
School Administration	2,612,064	6,105	35,603	500	2,654,272
Fiscal	1,020,648	53,680	57,858	0	1,132,186
Business	198,081	0	5,892	0	203,973
Operations and Maintenance	2,963,694	0	451,936	0	3,415,630
Pupil Transportation	2,916,962	0	564,975	0	3,481,937
Central	625,690	0	242,503	53,807	922,000
Operation of Non-Instructional Services	294,035	0	0	1,540,488	1,834,523
Extracurricular Activities	676,150	0	0	340,920	1,017,070
Capital Outlay	0	0	1,786,929	15,000	1,801,929
Debt Service:					
Principal Retirement	0	3,460,000	1,091,107	0	4,551,107
Interest and Fiscal Charges	0	1,294,218	706,834	0	2,001,052
Total Expenditures	35,351,962	4,814,003	5,997,865	3,238,661	49,402,491
Excess of Revenues Over (Under) Expenditures	(750,924)	314,934	(1,857,415)	224,272	(2,069,133)
Other Financing Sources (Uses):					
Transfers In	0	0	0	22,336	22,336
Transfers (Out)	(22,336)	0	0	0	(22,336)
Total Other Financing Sources (Uses)	(22,336)	0	0	22,336	0
Net Change in Fund Balance	(773,260)	314,934	(1,857,415)	246,608	(2,069,133)
Fund Balance Beginning of Year	10,987,282	5,501,268	(2,325,286)	590,911	14,754,175
Fund Balance End of Year	\$10,214,022	\$5,816,202	(\$4,182,701)	\$837,519	\$12,685,042

See accompanying notes to the basic financial statements.

Loveland City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2006

Net Change in Fund Balance - Total Governmental Funds (\$2,069,133)

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	2,621,119	
Depreciation Expense	<u>(2,137,937)</u>	483,182

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. (32,239)

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

Delinquent Property Taxes	(110,898)	
Intergovernmental	<u>3,200</u>	(107,698)

Repayment of bond, note, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 4,551,107

Interest expense in the statement of activities differs from the amount reported in governmental funds for two reasons. Additional accrued interest was calculated for bonds and notes payable, and the difference arising from the advance refunding due to premium and bond issuance costs.

Accrued Interest	<u>48,596</u>	48,596
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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	247,592	
Amortization of Bond Issuance Cost	(13,590)	
Amortization of Bond Premium	94,067	
Bond Accretion	<u>(190,168)</u>	
		<u>137,901</u>

Change in Net Assets of Governmental Activities \$3,011,716

See accompanying notes to the basic financial statements.

Loveland City School District
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2006

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$140,525</u>
Total Assets	<u>\$140,525</u>
Liabilities:	
Accounts Payable	275
Other Liabilities	<u>140,250</u>
Total Liabilities	<u>\$140,525</u>

See accompanying notes to the basic financial statements.

LOVELAND CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

1. DESCRIPTION OF THE DISTRICT

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

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

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

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, 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.

PAROCHIAL SCHOOLS

Within the District boundaries, Holy Family School is operated through the Saint Columbia Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the treasurer of the District, as directed by the parochial school. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

The District is associated with two jointly governed organizations and two public entity risk pools. These organizations are:

Jointly Governed Organizations:

Southwest Ohio Computer Association
Hamilton Clermont Cooperative Association / Unified Purchasing Association

Public Entity Risk Pools:

Greater Cincinnati Insurance Consortium
Ohio School Boards Association Workers' Compensation Group Rating Plan

2. 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.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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 business segment or 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.

Fiduciary funds (except agency funds) are reported using the economic resources measurement focus.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary. The focus of government fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

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

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

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

Permanent Improvement – The capital projects fund is used to account for all transactions related to acquiring, constructing or improving such permanent improvements as are authorized by Chapter 5705, Revised Code.

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 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 has two fiduciary funds which are both agency funds. The student activities fund is used to account for assets and liabilities generated by student managed activities. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program. The Section 125 plan accounts for monies voluntarily withheld from employees on a pre-tax basis to reimburse employees for medical and dental expenses not covered by group insurance.

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 use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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 been met because such amounts have not yet been earned.

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.

EQUITY IN POOLED 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.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

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 fiscal year amounted to \$391,739, \$229,410 from Permanent Improvement and \$5,050 from other Governmental Funds.

INVENTORY

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

CAPITAL ASSETS

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20-40 years
Equipment	3-15 years

COMPENSATED ABSENCES

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

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

For governmental fund financial statements, the expenditures for unpaid 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> How Earned	<u>Certified</u> Not Eligible	<u>Administrators</u> 25-30 days per year or 2.08-2.50 per month	<u>Non-Certificated</u> 10-25 days for each service year depending on length of service	<u>Exempt</u> 10-25 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	30 days Payoff up to 10 days/yr. unused earned	One Year	Two Years
Vested	Not Applicable	As Earned	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination	Paid upon termination
<u>Sick Leave</u> How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	240 Days	293 Days	250 Days	240 Days
Vested	As Earned	As Earned	As Earned	As Earned
Termination Entitlement	35 days plus 25% of unused sick days above 35	35 days plus 25% of unused sick days above 35	35 days plus 25% of unused sick days above 35	35 days plus 25% of unused sick days above 35

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". These amounts are eliminated in the governmental activities columns of the statement of net assets.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, property tax advances and set-asides. 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.

RESTRICTED ASSETS

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

3. EQUITY IN POOLED 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.
- (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 District'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, 2006, \$2,901,652 of the District's bank balance of \$3,001,652 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% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2006, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Federal Home Loan Bank	\$7,874,859	1.65
Federal Home Loan Mortgage Corporation	1,951,680	1.89
Federal National Mortgage Association	9,926,250	0.45
STAROhio	1,512	0.00
Total Fair Value	<u>\$19,754,301</u>	
Portfolio Weighted Average Maturity		1.07

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 the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in STAROhio were rated AAAM by Standards & Poor’s. The District’s investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association were rated AAA by Standard and Poor’s and Fitch ratings and Aaa by Moody’s Investors Service.

Concentration of credit risk – The District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The District has invested 40% of the District’s investments in Federal Home Loan Bank, 10% in Federal Home Loan Mortgage Corporation, 50% in Federal National Mortgage Association and less than 1% in STAROhio.

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.

4. PROPERTY TAXES

Real property taxes collected in 2006 were levied in April on the assessed values as of January 1, 2005, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

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

Real property taxes are payable annually or semi-annually. In 2006, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2006. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2006. 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, 2006, was \$6,586,571 for General Fund, \$1,572,872 for Debt Service and \$984,987 for Permanent Improvement, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2006 operations.

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$699,220,510
Public Utility Personal	12,766,209
Tangible Personal Property	<u>1,102,310</u>
Total	<u>\$713,089,029</u>

5. RECEIVABLES

Receivables at June 30, 2006, consisted of taxes, accounts, intergovernmental and interfund. All receivables are considered collectible in full.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,436,356	\$0	\$0	\$1,436,356
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	75,138,697	1,262,093	0	76,400,790
Equipment	6,682,355	1,359,026	330,157	7,711,224
Totals at Historical Cost	<u>83,257,408</u>	<u>2,621,119</u>	<u>330,157</u>	<u>85,548,370</u>
Less Accumulated Depreciation:				
Buildings and Improvements	28,612,122	1,429,170	0	30,041,292
Equipment	3,219,911	708,767	297,918	3,630,760
Total Accumulated Depreciation	<u>31,832,033</u>	<u>2,137,937</u>	<u>297,918</u>	<u>33,672,052</u>
Governmental Activities Capital Assets, Net	<u>\$51,425,375</u>	<u>\$483,182</u>	<u>\$32,239</u>	<u>\$51,876,318</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$929,336
Special		199,127
Vocational		500,554
Support Services:		
Pupil		3,680
Instructional Staff		53,734
School Administration		61,221
Fiscal		7,033
Business		3,296
Operations and Maintenance		29,895
Pupil Transportation		96,887
Central		214,760
Operation of Non-Instructional Services		36,220
Extracurricular Activities		2,194
Total Depreciation Expense		<u>\$2,137,937</u>

7. NOTES PAYABLE

Activity related to the District's tax anticipation notes payable is presented below:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1	Additons	Deductions	Balance June 30
Tax Anticipation	3.47%	6/1/2005	6/1/2006	\$15,000,000	\$0	\$15,000,000	\$0
Tax Anticipation	4.00%	6/1/2006	6/1/2007	0	13,500,000	0	13,500,000
				<u>\$15,000,000</u>	<u>\$13,500,000</u>	<u>\$15,000,000</u>	<u>\$13,500,000</u>

The note is shown as a liability on the fund financial statements in the fund which received the proceeds. The proceeds were used for capital improvements.

8. LONG-TERM LIABILITIES

	Maturity Dates	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds and Notes Payable:						
Bond Issue						
1999 5.00%	12/1/24	\$8,334,467	\$0	\$890,000	\$7,444,467	\$935,000
Note Issue						
2002 4.80%	12/1/17	264,000	0	264,000	0	0
Refunding Bonds:						
Current Interest Bonds -						
School Improvement						
2005 4.65%	12/1/14	23,655,000	0	2,570,000	21,085,000	2,695,000
Capital Appreciation Bonds -						
School Improvement						
2005 4.33%	12/1/14	1,326,267	190,168	0	1,516,435	0
Premium on Bonds		1,881,333	0	94,067	1,787,266	94,067
Total General Obligation Bonds and Notes Payable		35,461,067	190,168	3,818,067	31,833,168	3,724,067
Capital Lease		827,107	0	827,107	0	0
Total Long Term Debt		36,288,174	190,168	4,645,174	31,833,168	3,724,067
Compensated Absences		2,412,891	10,737	91,600	2,332,028	375,961
Total Governmental Activities		<u>\$38,701,065</u>	<u>\$200,905</u>	<u>\$4,736,774</u>	<u>\$34,165,196</u>	<u>\$4,100,028</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid.

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

Fiscal Year Ending June 30	General Obligation Bond			Capital Appreciation Bond		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$3,630,000	\$1,220,567	\$4,850,567	\$0	\$0	\$0
2008	3,945,000	1,048,418	4,993,418	0	0	0
2009	3,577,247	1,344,776	4,922,023	0	0	0
2010	990,656	1,268,319	2,258,975	0	0	0
2011	1,057,922	1,277,253	2,335,175	0	0	0
2012-2016	7,003,642	6,134,446	13,138,088	1,516,435	2,168,565	3,685,000
2017-2021	3,680,000	1,739,401	5,419,401	0	0	0
2022-2025	4,645,000	605,500	5,250,500	0	0	0
Total	<u>\$28,529,467</u>	<u>\$14,638,680</u>	<u>\$43,168,147</u>	<u>\$1,516,435</u>	<u>\$2,168,565</u>	<u>\$3,685,000</u>

9. LEASES

CAPITAL LEASES

The District had a capital lease for a HVAC system, which was paid off as of June 30, 2006.

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$846,816, \$819,096, and \$836,688, respectively; 44% has been contributed for fiscal year 2006 and 100% for fiscal years 2005 and 2004.

STATE TEACHERS RETIREMENT SYSTEM

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

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

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2006, 2005, and 2004 were \$2,497,596, \$2,225,772, and \$2,025,348, respectively; 83% has been contributed for fiscal year 2006 and 100% for fiscal years 2005 and 2004.

11. POST EMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$178,400 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.43 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 2006, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, School District paid \$207,470 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently receiving health care benefits.

12. CONTINGENT LIABILITIES

GRANTS

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2006.

LITIGATION

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

13. JOINTLY GOVERNED ORGANIZATIONS

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

Hamilton Clermont Cooperative Association/Unified Purchasing Association - The Hamilton Clermont Cooperative Association/Unified Purchasing Association (HCCA) is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Cooperative was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office and cafeteria supplies. The United Purchasing Cooperative organization is governed by representatives from each of the governments that created the organization, but there is no ongoing financial interest or responsibility by the participating governments. Complete financial statements for HCCA can be obtained from their administrative office at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

14. 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 Indiana Insurance Company provides insurance coverage on the buildings and contents, boiler and machinery, burglary/robbery/theft (inside and outside), and mobile instruction units. Utica also insures our fleet of vehicles and radio and communication equipment.

All employees, volunteers and booster groups are covered under the District's liability policy with Indiana Insurance Company. The limits of liability are \$4,000,000 for each occurrence and with a \$5,000,000 aggregate.

The Travelers Insurance Company insures the performance bonds. The Superintendent, Board President and Assistant Treasurer are each insured in the amount of \$50,000. In addition, the Treasurer and Business Manager are each insured in the amount of \$100,000. The District uses the State Workers' Compensation plan.

The District maintains a comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% co-insured. 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. The District contracted with Indiana Insurance for property insurance, fleet insurance, and for liability insurance coverage. Coverage provided by Indiana Insurance are as follows:

Building and Contents – replacement cost (\$1,000 deductible)	\$74,209,062
Automobile Liability	4,000,000
Uninsured Motorist	1,000,000
General Liability:	
Per Occurrence	4,000,000
Total Per Year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

15. INSURANCE PURCHASING POOL

Greater Cincinnati Insurance Consortium - The Greater Cincinnati Insurance Consortium, an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical and other disability group insurance for members' employees, eligible dependents and designated beneficiaries of such employees. The board of Directors consists of one representative from each of the participating members and are elected by the vote of the majority of the member school districts. The District pays premiums to a third party administrator, Edward Paul Cerry, which in turn buys the insurance policies from various insurance companies. Upon termination, the District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Consortium. The District may terminate participation in the Consortium for the benefit of its employees upon written notice to the Consortium delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from the Greater Cincinnati Insurance Consortium at 20600 Chagrin Boulevard, Shaker Heights, Ohio 44122.

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

16. ACCOUNTABILITY

The following individual funds had a deficit in fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Career Education	\$568
Management Information	8,851
Poverty Aid Assistance	4,691
Title VI - B Preschool	79,940
Capital Projects Funds:	
Permanent Improvement	4,182,701

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

17. 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.

For fiscal year ended June 30, 2006, the District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2005	(\$65,986)	\$0	\$336,785
Current Year Set-aside Requirement	636,477	636,477	0
Qualified Disbursements	(1,565,638)	(1,990,829)	0
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2006	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,785</u>
Restricted Cash as of June 30, 2006	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,785</u>
Carried Forward as of June 30, 2006	<u>(\$995,147)</u>		

Qualifying disbursements and current year offsets for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks resulted in \$995,147 for carryover to offset textbook requirements in future years.

18. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2006, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$27,464	\$0	\$0	\$22,336
Other Governmental Funds	<u>0</u>	<u>27,464</u>	<u>22,336</u>	<u>0</u>
Total all funds	<u>\$27,464</u>	<u>\$27,464</u>	<u>\$22,336</u>	<u>\$22,336</u>

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

19. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2006, \$23,103,428 of bonds outstanding are considered defeased.

20. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries"; GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"; GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 44 establishes the objectives of the statistical section and provides guidance on the preparation of the statistical section.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Loveland City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$18,451,581	\$19,608,374	\$19,579,094	(\$29,280)
Tuition and Fees	307,918	346,420	326,734	(19,686)
Investment Earnings	562,994	577,397	597,397	20,000
Intergovernmental	13,254,644	14,080,552	14,064,590	(15,962)
Other Revenues	136,287	142,991	144,615	1,624
Total Revenues	32,713,424	34,755,734	34,712,430	(43,304)
Expenditures:				
Current:				
Instruction:				
Regular	16,118,513	16,532,553	16,532,228	325
Special	3,505,062	3,595,027	3,595,027	0
Vocational	142,234	145,885	145,885	0
Other	380,793	390,567	390,567	0
Support Services:				
Pupil	1,673,765	1,716,726	1,716,726	0
Instructional Staff	901,420	924,557	924,557	0
General Administration	92,428	94,800	94,800	0
School Administration	2,570,581	2,636,560	2,636,560	0
Fiscal	954,006	978,493	978,493	0
Business	186,841	191,637	191,637	0
Operations and Maintenance	2,883,178	2,957,831	2,957,181	650
Pupil Transportation	2,641,947	2,709,758	2,709,758	0
Central	604,344	619,856	619,856	0
Operation of Non-Instructional Services	249,339	255,739	255,739	0
Extracurricular Activities	664,830	681,894	681,894	0
Total Expenditures	33,569,281	34,431,883	34,430,908	975
Excess of Revenues Over (Under) Expenditures	(855,857)	323,851	281,522	(42,329)
Other financing sources (uses):				
Advances In	55,094	58,461	58,461	0
Advances (Out)	(56,998)	(58,461)	(58,461)	0
Transfers In	283	300	300	0
Transfers (Out)	(21,777)	(22,336)	(22,336)	0
Total Other Financing Sources (Uses)	(23,398)	(22,036)	(22,036)	0
Net Change in Fund Balance	(879,255)	301,815	259,486	(42,329)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,286,399	8,286,399	8,286,399	0
Fund Balance End of Year	\$7,407,144	\$8,588,214	\$8,545,885	(\$42,329)

See accompanying notes to the required supplementary information.

LOVELAND CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2006

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2006.

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$773,260)
Net Adjustment for Revenue Accruals	170,153
Net Adjustment for Expenditure Accruals	868,830
Encumbrances	<u>(6,237)</u>
Budget Basis	<u>\$259,486</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

FUND DESCRIPTIONS

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS

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

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

LEARNING LINKS: To account for monies, which are provided for the Learning Links Program.

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

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

CAREER EDUCATION: To account for state funds, which are provided to introduce various career opportunities to students.

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

ENTRY YEAR PROGRAM: To account for state funds, which are provided for implementing entry year programs.

DISADVANTAGED PUPIL IMPACT AID: To account for the provision of state funds to economically deprived pupils. The funds are grants designed to help level out the economic differences between students.

NETWORK CONNECTIVITY: To account for data communications support.

SCHOOL NET PROFESSIONAL DEVELOPMENT: To account for limited number of professional development subsidy grants.

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

SUMMER INTERVENTION: To account for summer remediation services.

POVERTY AIDE ASSISTANCE: To account for the Poverty Aide Assistance Program.

SAFE SCHOOL HOT LINE: To account for funds provided for the Safe School Hot Line program.

TITLE VI-B PRESCHOOL: To account for federal funds received for the purpose of assisting in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternate service patterns, and provision of full educational opportunities to handicapped children at preschool.

CARL PERKINS: Provision of funds to boards of education, teacher training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: secondary, postsecondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work study projects, including sex equity grants. Funds are administered by the Ohio Department of Education, Division of Vocational and Career Education.

TITLE III: To account for federal funds used to support the Educational Sign Language Program.

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

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

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

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

IMPROVING TEACHER QUALITY: To account for federal funds used in improving the teachers of the District.

CONTINUOUS IMPROVEMENT GRANT: To account for funds provided for the Continuous Improvement Program.

FOOD SERVICES: Fund used to record financial transactions related to food service operation.

FIDUCIARY FUNDS

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental unites and/or other funds.

AGENCY FUND – STUDENT ACTIVITIES: To account for assets and liabilities generated by student managed activities. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program.

AGENCY FUND – SECTION 125 PLAN: To account for monies voluntarily withheld from employees on a pre-tax basis to reimburse employees for medical and dental expenses covered by group insurance.

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Loveland City School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006

	Nonmajor Special Revenue Funds
Assets:	
Equity in Pooled Cash and Investments	\$1,117,509
Receivables:	
Accounts	639
Intergovernmental	25,058
Inventory	18,146
Total Assets	<u>1,161,352</u>
Liabilities and Fund Balances:	
Liabilities:	
Accounts Payable	5,073
Accrued Wages and Benefits	288,096
Interfund Payable	27,464
Deferred Revenue	3,200
Total Liabilities	<u>323,833</u>
Fund Balances:	
Reserved for Encumbrances	8,882
Reserved for Inventory	18,146
Unreserved, Undesignated, Reported in:	
Special Revenue Funds	810,491
Total Fund Balances	<u>837,519</u>
Total Liabilities and Fund Balances	<u>\$1,161,352</u>

Loveland City School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds
Revenues:	
Tuition and Fees	\$14,270
Investment Earnings	5,050
Intergovernmental	2,046,724
Extracurricular Activities	365,652
Charges for Services	1,002,667
Other Revenues	28,570
Total Revenues	<u>3,462,933</u>
Expenditures:	
Current:	
Instruction:	
Regular	192,001
Special	525,329
Support Services:	
Pupil	281,257
Instructional Staff	289,359
School Administration	500
Central	53,807
Operation of Non-Instructional Services	1,540,488
Extracurricular Activities	340,920
Capital Outlay	15,000
Total Expenditures	<u>3,238,661</u>
Excess of Revenues Over (Under) Expenditures	<u>224,272</u>
Other Financing Sources (Uses):	
Transfers In	<u>22,336</u>
Total Other Financing Sources (Uses)	<u>22,336</u>
Net Change in Fund Balance	246,608
Fund Balance Beginning of Year	<u>590,911</u>
Fund Balance End of Year	<u><u>\$837,519</u></u>

Loveland City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Public School	Learning Links	Athletic	Auxiliary Services	Career Education
Assets:					
Equity in Pooled Cash and Investments	\$125,257	\$1,152	\$196,304	\$70,332	\$0
Receivables:					
Accounts	275	0	0	0	0
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	125,532	1,152	196,304	70,332	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	5,073	0
Accrued Wages and Benefits	0	0	0	36,738	0
Interfund Payable	0	0	14,707	0	568
Deferred Revenue	0	0	0	0	0
Total Liabilities	0	0	14,707	41,811	568
Fund Balances:					
Reserved for Encumbrances	0	0	0	8,882	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	125,532	1,152	181,597	19,639	(568)
Total Fund Balances	125,532	1,152	181,597	28,521	(568)
Total Liabilities and Fund Balances	\$125,532	\$1,152	\$196,304	\$70,332	\$0

Management Information	Entry Year Program	Disadvantaged Pupil Impact Aid	Network Connectivity	School Net Professional Development	Ohio Reads	Summer Intervention
\$0	\$0	\$0	\$0	\$625	\$0	\$0
0	0	0	0	0	0	0
0	3,200	0	0	0	0	0
0	0	0	0	0	0	0
0	3,200	0	0	625	0	0
0	0	0	0	0	0	0
8,851	0	0	0	0	0	0
0	0	0	0	0	0	0
0	3,200	0	0	0	0	0
8,851	3,200	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(8,851)	0	0	0	625	0	0
(8,851)	0	0	0	625	0	0
\$0	\$3,200	\$0	\$0	\$625	\$0	\$0

Continued

Loveland City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Poverty Aide Assistance	Safe School Hot Line	Title VI-B Preschool	Carl Perkins	Title III
Assets:					
Equity in Pooled Cash and Investments	\$3,865	\$0	\$74,181	\$0	\$0
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	3,865	0	74,181	0	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	8,556	0	154,121	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	8,556	0	154,121	0	0
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	(4,691)	0	(79,940)	0	0
Total Fund Balances	(4,691)	0	(79,940)	0	0
Total Liabilities and Fund Balances	\$3,865	\$0	\$74,181	\$0	\$0

Title I	Title VI	Drug Free Schools	EHA Preschool	Improving Teacher Quality	Continuous Improvement Grant	Food Services
\$2,275	\$0	\$0	\$0	\$0	\$0	\$643,518
0	0	0	0	0	0	364
0	0	0	0	0	0	21,858
0	0	0	0	0	0	18,146
<u>2,275</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>683,886</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	79,830
0	0	0	0	0	0	12,189
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>92,019</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	18,146
<u>2,275</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>573,721</u>
<u>2,275</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>591,867</u>
<u>\$2,275</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$683,886</u>

Continued

Loveland City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2006

	Total Nonmajor Special Revenue Funds
Assets:	
Equity in Pooled Cash and Investments	\$1,117,509
Receivables:	
Accounts	639
Intergovernmental	25,058
Inventory	18,146
Total Assets	<u>1,161,352</u>
Liabilities and Fund Balances:	
Liabilities:	
Accounts Payable	5,073
Accrued Wages and Benefits	288,096
Interfund Payable	27,464
Deferred Revenue	3,200
Total Liabilities	<u>323,833</u>
Fund Balances:	
Reserved for Encumbrances	8,882
Reserved for Inventory	18,146
Unreserved, Undesignated, Reported in: Special Revenue Funds	810,491
Total Fund Balances	<u>837,519</u>
Total Liabilities and Fund Balances	<u>\$1,161,352</u>

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Loveland City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Public School	Learning Links	Athletic	Auxiliary Services	Career Education
Revenues:					
Tuition and Fees	\$14,270	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	943	0
Intergovernmental	0	52,510	0	463,107	0
Extracurricular Activities	212,316	0	153,336	0	0
Charges for Services	0	0	0	0	0
Other Revenues	18,891	0	1,000	0	0
Total Revenues	245,477	52,510	154,336	464,050	0
Expenditures:					
Current:					
Instruction:					
Regular	0	37,914	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	0	0	0	0	0
School Administration	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	437,814	0
Extracurricular Activities	247,306	0	93,614	0	0
Capital Outlay	0	15,000	0	0	0
Total Expenditures	247,306	52,914	93,614	437,814	0
Excess of Revenues Over (Under) Expenditures	(1,829)	(404)	60,722	26,236	0
Other Financing Sources (Uses):					
Transfers In	3,154	0	0	0	0
Total Other Financing Sources (Uses)	3,154	0	0	0	0
Net Change in Fund Balance	1,325	(404)	60,722	26,236	0
Fund Balance Beginning of Year	124,207	1,556	120,875	2,285	(568)
Fund Balance End of Year	\$125,532	\$1,152	\$181,597	\$28,521	(\$568)

Management Information	Entry Year Program	Disadvantaged Pupil Impact Aid	Network Connectivity	School Net Professional Development	Ohio Reads	Summer Intervention
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
15,048	6,100	0	18,000	3,925	6,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	8,315	0	0	0	0
15,048	6,100	8,315	18,000	3,925	6,000	0
0	5,600	0	0	0	0	25
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	3,300	6,000	0
0	500	0	0	0	0	0
35,112	0	0	18,000	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
35,112	6,100	0	18,000	3,300	6,000	25
(20,064)	0	8,315	0	625	0	(25)
19,182	0	0	0	0	0	0
19,182	0	0	0	0	0	0
(882)	0	8,315	0	625	0	(25)
(7,969)	0	(8,315)	0	0	0	25
(\$8,851)	\$0	\$0	\$0	\$625	\$0	\$0

Continued

Loveland City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Poverty Aide Assistance	Safe School Hot Line	Title VI-B Preschool	Carl Perkins	Title III
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	37,066	1,470	905,918	9,808	4,500
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	37,066	1,470	905,918	9,808	4,500
Expenditures:					
Current:					
Instruction:					
Regular	0	0	29,876	9,808	0
Special	41,757	0	346,826	0	4,500
Support Services:					
Pupil	0	0	258,354	0	0
Instructional Staff	0	0	270,994	0	0
School Administration	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	1,470	42,389	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Expenditures	41,757	1,470	948,439	9,808	4,500
Excess of Revenues Over (Under) Expenditures	(4,691)	0	(42,521)	0	0
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(4,691)	0	(42,521)	0	0
Fund Balance Beginning of Year	0	0	(37,419)	0	0
Fund Balance End of Year	(\$4,691)	\$0	(\$79,940)	\$0	\$0

Title I	Title VI	Drug Free Schools	EHA Preschool	Improving Teacher Quality	Continuous Improvement Grant	Food Services
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	4,107
130,254	14,011	12,469	20,352	107,725	15,870	222,591
0	0	0	0	0	0	0
0	0	0	0	0	0	1,002,667
0	0	0	0	0	0	364
130,254	14,011	12,469	20,352	107,725	15,870	1,229,729
0	0	12,243	0	84,200	12,335	0
121,949	5,756	0	2,041	0	2,500	0
2,499	0	0	20,404	0	0	0
0	6,227	0	500	2,338	0	0
0	0	0	0	0	0	0
0	0	0	0	0	695	0
3,531	2,028	226	0	307	340	1,052,383
0	0	0	0	0	0	0
0	0	0	0	0	0	0
127,979	14,011	12,469	22,945	86,845	15,870	1,052,383
2,275	0	0	(2,593)	20,880	0	177,346
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,275	0	0	(2,593)	20,880	0	177,346
0	0	0	2,593	(20,880)	0	414,521
\$2,275	\$0	\$0	\$0	\$0	\$0	\$591,867

Continued

Loveland City School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2006

	Total Nonmajor Special Revenue Funds
Revenues:	
Tuition and Fees	\$14,270
Investment Earnings	5,050
Intergovernmental	2,046,724
Extracurricular Activities	365,652
Charges for Services	1,002,667
Other Revenues	28,570
	<hr/>
Total Revenues	3,462,933
	<hr/>
Expenditures:	
Current:	
Instruction:	
Regular	192,001
Special	525,329
Support Services:	
Pupil	281,257
Instructional Staff	289,359
School Administration	500
Central	53,807
Operation of Non-Instructional Services	1,540,488
Extracurricular Activities	340,920
Capital Outlay	15,000
	<hr/>
Total Expenditures	3,238,661
	<hr/>
Excess of Revenues Over (Under) Expenditures	224,272
	<hr/>
Other Financing Sources (Uses):	
Transfers In	22,336
	<hr/>
Total Other Financing Sources (Uses)	22,336
	<hr/>
Net Change in Fund Balance	246,608
	<hr/>
Fund Balance Beginning of Year	590,911
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Fund Balance End of Year	\$837,519
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Loveland City School District
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2006

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$88,621	\$107,592	\$79,565	\$116,648
Total Assets	<u>88,621</u>	<u>107,592</u>	<u>79,565</u>	<u>116,648</u>
Liabilities:				
Accounts Payable	275	275	275	275
Other Liabilities	88,346	107,317	79,290	116,373
Total Liabilities	<u>\$88,621</u>	<u>\$107,592</u>	<u>\$79,565</u>	<u>\$116,648</u>

	Section 125 Plan			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$23,405	\$69,309	\$68,837	\$23,877
Total Assets	<u>23,405</u>	<u>69,309</u>	<u>68,837</u>	<u>23,877</u>
Liabilities:				
Other Liabilities	23,405	69,309	68,837	23,877
Total Liabilities	<u>\$23,405</u>	<u>\$69,309</u>	<u>\$68,837</u>	<u>\$23,877</u>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$112,026	\$176,901	\$148,402	\$140,525
Total Assets	<u>112,026</u>	<u>176,901</u>	<u>148,402</u>	<u>140,525</u>
Liabilities:				
Accounts Payable	275	275	275	275
Other Liabilities	111,751	176,626	148,127	140,250
Total Liabilities	<u>\$112,026</u>	<u>\$176,901</u>	<u>\$148,402</u>	<u>\$140,525</u>

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Public School Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$14,270	\$14,270	\$0
Extracurricular Activities	212,316	212,316	0
Other Revenues	18,891	18,891	0
Total Revenues	<u>245,477</u>	<u>245,477</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	26,060	0	26,060
Extracurricular Activities	252,640	251,821	819
Total Expenditures	<u>278,700</u>	<u>251,821</u>	<u>26,879</u>
Excess of Revenues Over (Under) Expenditures	<u>(33,223)</u>	<u>(6,344)</u>	<u>26,879</u>
Other financing sources (uses):			
Transfers In	3,154	3,154	0
Total Other Financing Sources (Uses)	<u>3,154</u>	<u>3,154</u>	<u>0</u>
Net Change in Fund Balance	(30,069)	(3,190)	26,879
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>128,447</u>	<u>128,447</u>	<u>0</u>
Fund Balance End of Year	<u>\$98,378</u>	<u>\$125,257</u>	<u>\$26,879</u>

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Learning Links Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$52,510	\$52,510	\$0
Total Revenues	52,510	52,510	0
Expenditures:			
Current:			
Instruction:			
Regular	39,067	37,913	1,154
Capital Outlay	15,000	15,000	0
Total Expenditures	54,067	52,913	1,154
Net Change in Fund Balance	(1,557)	(403)	1,154
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,557	1,557	0
Fund Balance End of Year	\$0	\$1,154	\$1,154

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Athletic Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$153,634	\$153,336	(\$298)
Other Revenues	1,000	1,000	0
Total Revenues	<u>154,634</u>	<u>154,336</u>	<u>(298)</u>
Expenditures:			
Current:			
Support Services:			
Extracurricular Activities	155,250	95,820	59,430
Total Expenditures	<u>155,250</u>	<u>95,820</u>	<u>59,430</u>
Net Change in Fund Balance	(616)	58,516	59,132
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>137,787</u>	<u>137,787</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$137,171</u></u>	<u><u>\$196,303</u></u>	<u><u>\$59,132</u></u>

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$911	\$911	\$0
Intergovernmental	463,107	463,107	0
Total Revenues	464,018	464,018	0
Expenditures:			
Current:			
Support Services:			
Operation of Non-Instructional Services	509,892	453,548	56,344
Total Expenditures	509,892	453,548	56,344
Net Change in Fund Balance	(45,874)	10,470	56,344
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,874	45,874	0
Fund Balance End of Year	\$0	\$56,344	\$56,344

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

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

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Management Information Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$15,048	\$15,048	\$0
Total Revenues	15,048	15,048	0
Expenditures:			
Current:			
Support Services:			
Central	34,230	34,230	0
Total Expenditures	34,230	34,230	0
Excess of Revenues Over (Under) Expenditures	(19,182)	(19,182)	0
Other financing sources (uses):			
Advances In	3,073	3,073	0
Advances (Out)	(3,073)	(3,073)	0
Transfers In	19,182	19,182	0
Total Other Financing Sources (Uses)	19,182	19,182	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Entry Year		
	Final Budget	Program Actual	Fund Variance from Final Budget
Revenues:			
Intergovernmental	\$6,100	\$6,100	\$0
Total Revenues	6,100	6,100	0
Expenditures:			
Current:			
Instruction:			
Regular	5,600	5,600	0
Support Services:			
School Administration	500	500	0
Total Expenditures	6,100	6,100	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other financing sources (uses):			
Advances In	1,933	1,933	0
Advances (Out)	(1,933)	(1,933)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

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

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Network Connectivity Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$18,000	\$18,000	\$0
Total Revenues	18,000	18,000	0
Expenditures:			
Current:			
Instruction:			
Support Services:			
Central	18,000	18,000	0
Total Expenditures	18,000	18,000	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	School Net Professional Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,925	\$3,925	\$0
Total Revenues	3,925	3,925	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	3,925	3,300	625
Total Expenditures	3,925	3,300	625
Net Change in Fund Balance	0	625	625
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$625	\$625

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$6,000	\$6,000	\$0
Total Revenues	6,000	6,000	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	6,000	6,000	0
Total Expenditures	6,000	6,000	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Summer Intervention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	1,675	1,675	0
Support Services:			
Total Expenditures	1,675	1,675	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,675	1,675	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Poverty Aid Assistance Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$37,066	\$37,066	\$0
Total Revenues	37,066	37,066	0
Expenditures:			
Current:			
Instruction:			
Special	33,201	33,201	0
Total Expenditures	33,201	33,201	0
Net Change in Fund Balance	3,865	3,865	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	<u>\$3,865</u>	<u>\$3,865</u>	<u>\$0</u>

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Safe School Hot Line Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,470	\$1,470	\$0
Total Revenues	1,470	1,470	0
Expenditures:			
Current:			
Support Services:			
Operation of Non-Instructional Services	1,470	1,470	0
Total Expenditures	1,470	1,470	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Title VI-B Preschool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$958,055	\$905,918	(\$52,137)
Total Revenues	958,055	905,918	(52,137)
Expenditures:			
Current:			
Instruction:			
Regular	29,876	29,876	0
Special	340,755	321,819	18,936
Support Services:			
Pupil	259,260	246,518	12,742
Instructional Staff	285,775	243,271	42,504
Operation of Non-Instructional Services	42,389	42,389	0
Total Expenditures	958,055	883,873	74,182
Excess of Revenues Over (Under) Expenditures	0	22,045	22,045
Other financing sources (uses):			
Advances In	34,417	34,417	0
Advances (Out)	(34,417)	(34,417)	0
Transfers In	52,137	52,137	0
Transfers (Out)	(52,137)	(52,137)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	22,045	22,045
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	52,137	52,137	0
Fund Balance End of Year	\$52,137	\$74,182	\$22,045

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Carl Perkins Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$9,808	\$9,808	\$0
Total Revenues	9,808	9,808	0
Expenditures:			
Current:			
Instruction:			
Regular	9,808	9,808	0
Total Expenditures	9,808	9,808	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	4,500	\$4,500	\$0
Total Revenues	4,500	4,500	0
Expenditures:			
Current:			
Instruction:			
Special	4,500	4,500	0
Total Expenditures	4,500	4,500	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$130,254	\$130,254	\$0
Total Revenues	130,254	130,254	0
Expenditures:			
Current:			
Instruction:			
Special	121,949	121,949	0
Support Services:			
Pupil	2,499	2,499	0
Operation of Non-Instructional Services	5,806	3,531	2,275
Total Expenditures	130,254	127,979	2,275
Excess of Revenues Over (Under) Expenditures	0	2,275	2,275
Other financing sources (uses):			
Advances In	7,600	7,600	0
Advances (Out)	(7,600)	(7,600)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	2,275	2,275
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$2,275	\$2,275

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Title VI Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$14,011	\$14,011	\$0
Total Revenues	14,011	14,011	0
Expenditures:			
Current:			
Instruction:			
Special	5,756	5,756	0
Support Services:			
Instructional Staff	6,227	6,227	0
Operation of Non-Instructional Services	2,028	2,028	0
Total Expenditures	14,011	14,011	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Drug Free Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$12,469	\$12,469	\$0
Total Revenues	12,469	12,469	0
Expenditures:			
Current:			
Instruction:			
Regular	12,243	12,243	0
Operation of Non-Instructional Services	226	226	0
Total Expenditures	12,469	12,469	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Loveland City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2006

	EHA Preschool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$20,352	\$20,352	\$0
Total Revenues	20,352	20,352	0
Expenditures:			
Current:			
Instruction:			
Special	2,041	2,041	0
Support Services:			
Pupil	20,404	20,404	0
Instructional Staff	500	500	0
Total Expenditures	22,945	22,945	0
Excess of Revenues Over (Under) Expenditures	(2,593)	(2,593)	0
Other financing sources (uses):			
Advances In	1,369	1,369	0
Advances (Out)	(1,369)	(1,369)	0
Transfers In	2,594	2,594	0
Transfers (Out)	(2,594)	(2,594)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(2,593)	(2,593)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,593	2,593	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Improving Teacher Quality Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$107,725	\$107,725	\$0
Total Revenues	107,725	107,725	0
Expenditures:			
Current:			
Instruction:			
Regular	105,080	105,080	0
Support Services:			
Instructional Staff	2,338	2,338	0
Operation of Non-Instructional Services	307	307	0
Total Expenditures	107,725	107,725	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other financing sources (uses):			
Advances In	10,069	10,069	0
Advances (Out)	(10,069)	(10,069)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Continuous Improvement Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$15,870	\$15,870	\$0
Total Revenues	15,870	15,870	0
Expenditures:			
Current:			
Instruction:			
Regular	12,335	12,335	0
Special	2,500	2,500	0
Support Services:			
Central	695	695	0
Operation of Non-Instructional Services	340	340	0
Total Expenditures	15,870	15,870	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Food Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$3,812	\$3,812	\$0
Intergovernmental	135,992	152,385	16,393
Charges for Services	1,005,647	1,002,667	(2,980)
Total Revenues	1,145,451	1,158,864	13,413
Expenditures:			
Current:			
Operation of Non-Instructional Services	957,052	955,232	1,820
Total Expenditures	957,052	955,232	1,820
Net Change in Fund Balance	188,399	203,632	15,233
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	439,591	439,591	0
Fund Balance End of Year	\$627,990	\$643,223	\$15,233

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$4,309,323	\$4,309,323	\$0
Intergovernmental	551,742	551,742	0
Total Revenues	<u>4,861,065</u>	<u>4,861,065</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
School Administration	6,105	6,105	0
Fiscal	53,680	53,680	0
Debt Service:			
Principal Retirement	3,460,000	3,460,000	0
Interest and Fiscal Charges	1,294,218	1,294,218	0
Total Expenditures	<u>4,814,003</u>	<u>4,814,003</u>	<u>0</u>
Net Change in Fund Balance	47,062	47,062	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>4,196,267</u>	<u>4,196,267</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,243,329</u></u>	<u><u>\$4,243,329</u></u>	<u><u>\$0</u></u>

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2006

	Permanent Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$2,851,161	\$2,851,161	\$0
Investment Earnings	328,997	328,997	0
Intergovernmental	365,092	365,092	0
Total Revenues	<u>3,545,250</u>	<u>3,545,250</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,096,851	891,851	205,000
Special	10,000	9,259	741
Support Services:			
Pupil	11,022	6,767	4,255
Instructional Staff	194,987	193,387	1,600
School Administration	58,735	46,603	12,132
Fiscal	57,858	57,858	0
Business	6,000	5,892	108
Operations and Maintenance	1,071,218	869,683	201,535
Pupil Transportation	915,810	854,671	61,139
Central	268,797	243,702	25,095
Capital Outlay	3,734,304	2,728,390	1,005,914
Debt Service:			
Principal Retirement	2,187,820	2,187,820	0
Interest and Fiscal Charges	573,750	573,750	0
Total Expenditures	<u>10,187,152</u>	<u>8,669,633</u>	<u>1,517,519</u>
Net Change in Fund Balance	(6,641,902)	(5,124,383)	1,517,519
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>12,587,019</u>	<u>12,587,019</u>	<u>0</u>
Fund Balance End of Year	<u>\$5,945,117</u>	<u>\$7,462,636</u>	<u>\$1,517,519</u>

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STATISTICAL SECTION



Comprehensive Annual Financial Report
Loveland City School District Loveland, Ohio
For the Fiscal Year Ending June 30, 2006

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Loveland City School District
 Net Assets by Component
 Last Four Fiscal Years (1)
 (accrual basis of accounting)
 Schedule 1

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$10,834,725	\$9,144,576	\$408,992	\$6,801,351
Restricted	4,763,056	5,104,223	6,370,017	6,679,212
Unrestricted	6,502,362	8,238,086	21,682,978	17,993,140
Total Net Assets	<u>\$22,100,143</u>	<u>\$22,486,885</u>	<u>\$28,461,987</u>	<u>\$31,473,703</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Loveland City School District
 Expenses, Program Revenues and Net (Expense)/Revenue
 Last Four Fiscal Years (1)
 (accrual basis of accounting)
 Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$18,645,800	\$19,815,982	\$21,240,499	\$23,699,226
Pupil	1,502,941	1,245,841	1,786,572	2,042,010
Instructional Staff	1,074,812	1,322,927	1,198,281	1,546,440
General Administration	167,305	113,613	131,085	94,713
School Administration	1,920,831	2,548,614	2,683,054	2,677,737
Fiscal	807,397	867,669	963,721	1,104,300
Business	159,869	179,241	181,412	202,662
Operation and Maintenance	3,187,598	3,023,853	3,141,681	3,514,549
Pupil Transportation	2,396,177	2,534,200	2,763,732	3,421,326
Central	755,115	1,192,090	976,129	1,166,225
Operation of Non-Instructional Services	617,664	1,623,593	1,586,249	1,871,250
Extracurricular Activities	963,397	896,560	1,030,666	779,120
Interest and Fiscal Charges	1,893,792	1,802,179	3,045,971	2,062,147
Total Government Expenses	<u>34,092,698</u>	<u>37,166,362</u>	<u>40,729,052</u>	<u>44,181,705</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	478,964	313,725	455,851	328,718
School Administration	0	17,682	17,902	18,556
Operation and Maintenance	0	360	0	13,821
Operation of Non-Instructional Services	0	748,562	891,833	1,002,667
Extracurricular Activities	374,121	398,735	394,651	379,922
Operating Grants and Contributions	1,708,381	1,298,339	1,898,746	2,057,239
Capital Grants and Contributions	121,422	31,894	66,605	16,723
Total Government Revenues	<u>2,682,888</u>	<u>2,809,297</u>	<u>3,725,588</u>	<u>3,817,646</u>
Net (Expense)/Revenue	<u>(\$31,409,810)</u>	<u>(\$34,357,065)</u>	<u>(\$37,003,464)</u>	<u>(\$40,364,059)</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Loveland City School District
 General Revenues and Total Change in Net Assets
 Last Four Fiscal Years (1)
 (accrual basis of accounting)
 Schedule 3

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue	(\$31,409,810)	(\$34,357,065)	(\$37,003,464)	(\$40,364,059)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	19,474,618	17,601,551	21,882,960	19,406,760
Property Taxes Levied for Debt Service Purposes	4,187,788	3,748,223	4,470,981	4,564,989
Property Taxes Levied for Capital Projects Purposes	0	0	1,775,235	3,530,762
Grants and Entitlements Not Restricted to Specific Programs	12,717,708	13,189,791	14,157,737	15,131,748
Unrestricted Contributions	250	800	700	900
Investment Earnings	380,512	174,877	387,232	626,199
Refunds and Reimbursements	0	42,458	0	0
Other Revenues	220,422	7,995	118,572	114,417
Total Governmental Activities	36,981,298	34,765,695	42,793,417	43,375,775
Change in Net Assets	\$5,571,488	\$408,630	\$5,789,953	\$3,011,716

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Loveland City School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	N/A	\$1,930,824	\$3,428,506	\$3,572,626	\$3,536,533	\$3,601,748	\$5,220,522	\$3,975,749	\$7,012,185	\$6,929,593
Unreserved	N/A	(1,948,912)	(1,750,711)	(2,086,539)	(370,647)	2,120,410	3,740,208	2,448,428	3,975,097	3,284,429
Total General Fund	N/A	(18,088)	1,677,795	1,486,087	3,165,886	5,722,158	8,960,730	6,424,177	10,987,282	10,214,022
All Other Governmental Funds										
Reserved	N/A	1,608,184	39,193,976	5,858,949	3,726,072	3,871,269	1,272,070	1,001,263	1,923,277	3,585,205
Unreserved, Reported in:										
Capital Project Funds	N/A	(659,632)	(5,694,277)	9,256,935	(50,446)	94,597	1,810	(242,635)	(2,872,184)	(6,168,006)
Debt Service Funds	N/A	0	0	0	0	0	3,166,400	3,522,973	4,196,268	4,243,330
Special Revenue Funds	N/A	194,204	365,620	434,749	276,408	289,261	148,711	410,855	519,532	810,491
Total all Other Governmental Funds	N/A	\$1,142,756	\$33,865,319	\$15,550,633	\$3,952,034	\$4,255,127	\$4,588,991	\$4,692,456	\$3,766,893	\$2,471,020

Source: District Records

N/A - Information not available

Loveland City School District
 Governmental Funds Revenues
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 5

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes	N/A	\$12,203,891	\$16,840,088	\$16,643,303	\$18,545,475	\$20,699,621	\$23,662,407	\$20,661,541	\$27,962,577	\$27,613,408
Tuition and Fees	N/A	157,186	167,470	191,408	213,793	378,214	461,584	313,019	466,461	341,004
Investment Earnings	N/A	250,145	1,263,204	1,402,912	631,474	170,120	380,511	174,877	387,232	626,199
Intergovernmental	N/A	8,645,958	9,796,991	10,240,032	11,866,867	13,447,996	14,191,269	14,891,887	16,123,090	17,202,509
Extracurricular Activities	N/A	185,620	208,221	259,791	282,595	332,900	374,121	312,232	381,591	365,652
Charges for Services	N/A	0	0	0	0	0	0	835,065	891,833	1,002,667
Other Revenues	N/A	156,679	257,388	146,506	199,001	76,343	238,051	70,001	139,621	181,919
Total Revenues	N/A	\$21,599,479	\$28,533,362	\$28,883,952	\$31,739,205	\$35,105,194	\$39,307,943	\$37,258,622	\$46,352,405	\$47,333,358

Source: District Records

95 N/A - Information not available

Loveland City School District
 Governmental Funds Expenditures and Debt Service Ratio
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 6

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Instruction	N/A	\$12,534,535	\$13,094,484	\$14,132,424	\$14,536,253	\$16,065,374	\$17,324,289	\$18,401,566	\$19,862,561	\$22,728,376
Pupil	N/A	891,587	1,036,092	1,037,188	1,308,205	1,351,322	1,494,411	1,237,559	1,813,374	2,123,539
Instructional Staff	N/A	386,239	423,143	601,782	842,038	889,198	1,087,749	1,331,324	1,165,906	1,440,184
General Administration	N/A	52,313	68,693	71,143	75,350	129,904	167,305	113,613	131,085	94,713
School Administration	N/A	1,029,080	1,642,150	1,358,632	1,547,594	1,683,073	2,024,861	2,469,072	2,762,858	2,654,272
Fiscal	N/A	455,785	606,456	645,289	738,434	776,322	802,846	868,328	983,679	1,132,186
Business	N/A	240,643	367,364	330,552	864,997	227,838	198,268	181,582	179,100	203,973
Operation and Maintenance	N/A	1,838,625	2,010,723	1,950,989	2,360,949	2,741,794	3,126,398	3,147,837	3,120,016	3,415,630
Pupil Transportation	N/A	1,237,924	1,868,038	2,006,894	2,087,218	2,364,990	2,922,541	2,628,621	2,636,610	3,481,937
Central	N/A	387,430	404,190	657,219	985,470	802,662	910,325	972,989	734,587	922,000
Operation of Non-Instructional Services	N/A	305,862	276,071	457,226	623,860	549,281	617,947	1,578,188	1,562,119	1,834,523
Extracurricular Activities	N/A	369,019	464,361	705,947	862,616	900,567	964,335	904,637	1,027,671	1,017,070
Capital Outlay	N/A	474,990	2,146,091	21,238,690	11,086,754	569,727	0	603,270	2,360,095	1,801,929
Debt Service:										
Principal Retirement	N/A	682,000	538,000	1,704,036	1,686,976	1,914,439	2,180,325	3,590,657	2,758,459	4,551,107
Interest and Fiscal Charges	N/A	941,430	1,331,875	2,151,335	2,056,511	2,053,263	1,914,276	1,882,554	1,319,462	2,001,052
Total Expenditures	N/A	\$21,827,462	\$26,277,731	\$49,049,346	\$41,663,225	\$33,019,754	\$35,735,876	\$39,911,797	\$42,417,582	\$49,402,491
Debt Service as a Percentage of Noncapital Expenditures	N/A	7.60%	7.75%	13.86%	12.24%	12.23%	11.46%	13.92%	10.18%	13.76%

Source: District Records

N/A - Information not available

Loveland City School District
 Other Financing Sources and Uses and Net Change in Fund Balances
 Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 7

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other Financing Sources (Uses)										
Payments to Refunded Bond Escrow Agent	N/A	\$0	(\$14,972,897)	\$0	\$0	\$0	\$0	\$0	(\$26,862,582)	\$0
Proceeds of Refunding Bonds	N/A	0	14,972,897	0	0	0	0	0	24,981,249	0
Refunding Bond Premium	N/A	0	0	0	0	0	0	0	1,881,333	0
Proceeds of Notes	N/A	0	0	0	0	304,000	0	0	0	0
Proceeds of Capital Leases	N/A	0	0	1,650,000	0	0	0	0	0	0
Sale of Capital Assets	N/A	0	9,000	0	5,220	469,925	0	0	0	0
Premium and Accrued Interest on Bonds Sold	N/A	0	153,815	0	0	0	0	0	0	0
Proceeds of bonds	N/A	0	32,000,000	0	0	0	0	0	0	0
Other Financing Sources	N/A	0	0	9,000	0	0	0	0	0	0
Transfers In	N/A	500,000	11,793,317	20,364,445	0	172,073	62,404	9,794	27,083	22,336
Transfers (Out)	N/A	(500,000)	(11,793,317)	(20,364,445)	0	(172,073)	(62,404)	(9,794)	(27,083)	(22,336)
Total Other Financing Sources (Uses)	N/A	0	32,162,815	1,659,000	5,220	773,925	0	0	0	0
Net Change in Fund Balances	N/A	(\$227,983)	\$34,418,446	(\$18,506,394)	(\$9,918,800)	\$2,859,365	\$3,572,067	(\$2,653,175)	\$3,934,823	(\$2,069,133)

Source: District Records

N/A - Information not available

Loveland City School District
 Assessed Value and Actual Value of Taxable Property -- Hamilton County
 Last Ten Calendar Years
 Schedule 8

Calendar Year	Real Property Assessed Value	Tangible Personal Property Assessed Value	Public Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
1996	\$212,884,496	\$15,930,150	\$8,739,390	\$237,554,036	\$678,725,817	55.44
1997	219,814,917	16,643,020	8,817,740	245,275,677	700,787,649	60.14
1998	227,573,268	16,248,230	9,107,560	252,929,058	722,654,451	59.58
1999	271,162,629	16,460,700	9,002,550	296,625,879	847,502,511	64.21
2000	277,711,340	14,170,440	8,016,530	299,898,310	856,852,314	63.79
2001	284,132,521	16,290,910	5,438,400	305,861,831	873,890,946	70.14
2002	308,674,782	12,805,430	5,767,140	327,247,352	934,992,434	70.14
2003	312,505,423	12,662,240	6,028,140	331,195,803	946,273,723	60.49
2004	317,718,674	10,363,160	5,729,070	333,810,904	953,745,440	69.89
2005	366,268,445	7,772,370	5,798,490	379,839,305	1,085,255,157	74.88

Source: County Auditor

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

Loveland City School District
 Assessed Value and Actual Value of Taxable Property -- Clermont County
 Last Ten Calendar Years
 Schedule 8

Calendar Year	Real Property	Tangible Personal Property	Public Utilities Personal	Total	Total	Total
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Estimated Actual Value	Direct Rate
1996	N/A	N/A	N/A	N/A	N/A	59.68
1997	\$406,368,429	\$8,449,952	\$9,169,093	\$423,987,474	\$1,211,392,783	59.12
1998	446,392,914	8,107,060	9,029,200	463,529,174	1,324,369,069	63.75
1999	491,461,514	7,993,200	9,311,293	508,766,008	1,453,617,165	63.33
2000	561,672,000	7,824,796	8,918,733	578,415,529	1,652,615,798	69.68
2001	598,303,714	9,030,760	8,877,827	616,212,301	1,760,606,574	69.68
2002	634,811,771	10,069,440	6,453,440	651,334,651	1,860,956,147	69.68
2003	730,897,629	10,611,120	6,852,240	748,360,989	2,138,174,253	69.43
2004	765,695,057	9,078,016	6,914,880	781,687,953	2,233,394,152	74.42
2005	804,490,114	7,699,716	6,599,440	818,789,270	2,339,397,915	74.42

Source: County Auditor

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

Loveland City School District
 Assessed Value and Actual Value of Taxable Property -- Warren County
 Last Ten Calendar Years
 Schedule 8

Calendar Year	Real Property Assessed Value	Tangible Personal Property Assessed Value	Public Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
1996	N/A	N/A	N/A	N/A	N/A	55.44
1997	\$11,096,571	\$332,600	\$629,829	\$12,059,000	\$34,454,286	60.14
1998	13,965,428	380,000	639,125	14,984,553	42,813,009	59.58
1999	15,011,228	384,960	641,977	16,038,165	45,823,329	64.21
2000	16,156,028	753,880	661,250	17,571,158	50,203,309	63.79
2001	18,907,942	1,535,120	597,363	21,040,425	60,115,500	70.14
2002	19,387,171	919,360	423,329	20,729,860	59,228,171	70.14
2003	20,418,714	924,280	379,363	21,722,357	62,063,877	70.14
2004	23,352,485	837,960	387,000	24,577,445	70,221,271	69.89
2005	25,004,400	766,760	400,784	26,171,944	74,776,983	74.88

Source: County Auditor

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

Loveland City School District
 Direct and Overlapping Property Tax Rates -- Hamilton County
 Last Ten Calendar Years
 Schedule 9

Calendar Year	District Direct Rates	Overlapping Rates				
		Hamilton County	Special District	Symmes Township	City of Loveland	Great Oaks Joint Vocational School
1996	55.44	18.30	1.03	11.00	10.00	2.70
1997	60.14	19.44	1.03	11.00	10.00	2.70
1998	59.58	19.01	1.03	11.00	10.00	2.70
1999	64.21	19.54	1.03	11.90	10.00	2.70
2000	63.79	20.83	1.03	11.75	10.00	2.70
2001	70.14	18.89	1.03	11.75	10.00	2.70
2002	70.14	20.44	1.03	11.75	12.00	2.70
2003	60.49	21.87	1.03	13.45	12.00	2.70
2004	69.89	20.48	1.03	13.45	11.72	2.70
2005	74.88	20.03	1.03	12.80	11.00	2.70

Source: County Auditor

Loveland City School District
 Direct and Overlapping Property Tax Rates -- Clermont County
 Last Ten Calendar Years
 Schedule 9

Calendar Year	District Direct Rates	Overlapping Rates					Great Oaks Joint Vocational School
		Clermont County	City of Loveland	Goshen Township	Miami Township		
1996	59.68	9.25	9.55	17.60	22.11	2.70	
1997	59.12	9.25	9.55	17.60	22.11	2.70	
1998	63.75	9.25	9.55	17.60	22.11	2.70	
1999	63.33	9.25	9.55	17.60	22.11	2.70	
2000	69.68	9.25	9.55	17.60	22.11	2.70	
2001	69.68	9.25	9.55	17.60	22.11	2.70	
2002	69.68	9.35	11.55	17.60	22.11	2.70	
2003	69.43	8.60	11.55	21.60	22.11	2.70	
2004	74.42	9.35	11.55	21.60	22.11	2.70	
2005	74.42	9.35	11.00	21.60	22.11	2.70	

Source: County Auditor

Loveland City School District
 Direct and Overlapping Property Tax Rates -- Warren County
 Last Ten Calendar Years
 Schedule 9

Calendar Year	District Direct Rates	Overlapping Rates			
		Warren County	City of Loveland	Great Oaks Joint Vocational School	Warren Co Special District
1996	55.44	6.57	9.72	2.70	1.00
1997	60.14	5.00	9.72	2.70	1.00
1998	59.58	5.00	9.72	2.70	1.00
1999	64.21	4.75	9.72	2.70	1.00
2000	63.79	4.00	9.72	2.70	1.00
2001	70.14	4.00	9.72	2.70	1.00
2002	70.14	4.00	11.72	2.70	1.00
2003	70.14	4.96	11.72	2.70	1.00
2004	69.89	6.53	11.72	2.70	1.00
2005	74.88	6.46	11.72	2.70	1.00

Source: County Auditor

Loveland City School District
 Principal Property Tax Payers -- Hamilton County
 Current Calendar Year (1)
 Schedule 10

Taxpayer	2005	
	Assessed Value	Percentage of Total Assessed Value
Bway Corporation	\$1,580,860	0.42%
SST Bearing Corporation	846,070	0.22%
Roberds Converting Co Inc	618,680	0.16%
DSG CANUSA	591,200	0.16%
Buffers & Biochemical Corporation	585,050	0.15%
MCCC Sportswear Inc	563,030	0.15%
Kroger Limited PTSP 1	521,510	0.14%
Webster Packaging Corp	429,200	0.11%
SST Conveyor Systems Inc	395,380	0.10%
McCabe Do It Center	311,670	0.08%
	<u>\$6,442,650</u>	<u>1.69%</u>

Source: County Auditor

(1) - Current year information only available

Loveland City School District
 Principal Property Tax Payers -- Clermont County
 Current Calendar Year (1)
 Schedule 10

2005		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Clermont Golf Ltd.	\$2,412,780	0.29%
Double Eagle Properties LLC	996,800	0.12%
O'Bannon Creek Golf Club	909,410	0.11%
Arrowhead Apartments IV	812,000	0.10%
Arrowhead Apartments Phase III	812,000	0.10%
Arrowhead Apartments 2	710,510	0.09%
Arrowhead Apartments Ltd.	710,510	0.09%
Zicka Walker Homes @ Eagles	475,980	0.06%
Dales Way Investment LLC	425,370	0.05%
Johnson, Edgar J.	360,250	0.04%
	<u>\$8,625,610</u>	<u>1.05%</u>

Source: County Auditor

(1) - Current year information only available

Loveland City School District
 Principal Property Tax Payers -- Warren County
 Current Calendar Year and Seven Years Ago
 Schedule 10

2005		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Loveland Management	\$428,750	1.64%
Cinergy	213,490	0.82%
Mike Ward Landscaping	72,980	0.28%
Rand Loveland	68,350	0.26%
Dayton Power & Light	32,300	0.12%
Cincinnati Bell	13,920	0.05%
	\$829,790	3.17%

1999		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
M J Schottenstein	\$402,760	2.51%
Cincinnati Gas & Electric	335,070	2.09%
S & G Investments	314,620	1.96%
Midwestern Plumbing Service	108,220	0.67%
Cincinnati Bell	95,190	0.59%
CSX Transportation	75,210	0.47%
Mike Ward Landscaping	38,260	0.24%
Dayton Power & Light	34,100	0.21%
Columbus Southern Power Co	25,370	0.16%
Surroundings Inc	15,470	0.10%
	\$1,444,270	9.00%

Source: County Auditor

Loveland City School District
 Property Tax Levies and Collections -- Hamilton County
 Last Ten Calendar Years
 Schedule 11

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$3,486,243	\$3,327,499	95.45%	\$77,987	\$3,405,487	97.68%
1997	6,497,212	6,285,178	96.74%	147,576	6,432,754	99.01%
1998	6,728,922	6,563,918	97.55%	137,433	6,701,352	99.59%
1999	8,474,593	8,118,095	95.79%	184,047	8,302,142	97.97%
2000	8,733,579	8,180,005	93.66%	233,122	8,413,127	96.33%
2001	12,145,374	12,664,271	104.27%	238,599	12,902,870	106.24%
2002	11,852,663	10,075,243	85.00%	332,231	10,407,474	87.81%
2003	12,615,244	11,977,900	94.95%	260,301	12,238,201	97.01%
2004	10,691,636	10,353,688	96.84%	417,577	10,771,265	100.74%
2005	14,513,387	13,616,275	93.82%	319,841	13,936,116	96.02%

Source: County Auditor

Loveland City School District
 Property Tax Levies and Collections -- Clermont County
 Last Ten Calendar Years
 Schedule 11

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$3,458,235	\$3,256,151	94.16%	\$60,655	\$3,316,805	95.91%
1997	6,335,504	6,037,324	95.29%	112,560	6,149,884	97.07%
1998	6,554,593	6,295,205	96.04%	104,892	6,400,096	97.64%
1999	8,245,668	7,775,618	94.30%	140,526	7,916,144	96.00%
2000	9,438,968	8,987,954	95.22%	199,861	9,187,815	97.34%
2001	9,880,381	8,293,430	83.94%	234,557	8,527,987	86.31%
2002	10,701,394	10,216,289	95.47%	231,942	10,448,231	97.63%
2003	11,130,943	10,585,319	95.10%	265,927	10,851,246	97.49%
2004	13,188,411	12,669,306	96.06%	212,857	12,882,163	97.68%
2005	13,922,577	13,416,682	96.37%	218,988	13,635,671	97.94%

Source: County Auditor

Loveland City School District
 Property Tax Levies and Collections -- Warren County
 Last Ten Calendar Years
 Schedule 11

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$171,232	\$171,849	100.36%	\$2,416	\$174,265	101.77%
1997	203,301	203,066	99.88%	1,632	204,698	100.69%
1998	203,302	201,468	99.10%	1,609	203,077	99.89%
1999	246,135	238,275	96.81%	2,232	240,507	97.71%
2000	269,518	253,862	94.19%	7,727	261,589	97.06%
2001	328,001	319,800	97.50%	2,914	322,714	98.39%
2002	346,626	342,247	98.74%	6,696	348,943	100.67%
2003	318,435	314,333	98.71%	6,482	320,815	100.75%
2004	366,977	362,507	98.78%	5,497	368,004	100.28%
2005	456,663	444,704	97.38%	4,097	448,801	98.28%

Source: County Auditor

Loveland City School District
 Outstanding Debt by Type
 Last Ten Fiscal Years
 Schedule 12

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Anticipation Notes	Capital Leases			
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	\$13,565,000	\$0	\$0	\$13,565,000	0.04%	\$12
1999	45,140,734	0	0	45,140,734	0.13%	\$38
2000	43,520,734	0	1,565,964	45,086,698	0.12%	\$38
2001	41,965,734	0	1,433,988	43,399,722	0.11%	\$37
2002	40,190,734	0	1,294,548	41,485,282	0.10%	\$35
2003	39,608,734	0	1,147,223	40,755,957	0.10%	\$34
2004	36,173,734	0	991,566	37,165,300	0.09%	\$31
2005	35,461,067	15,000,000	827,107	51,288,174	0.12%	\$43
2006	31,833,168	13,500,000	0	45,333,168	N/A	N/A

Source: District Records

N/A - Information not available

(1) - On the calendar year basis

Loveland City School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2006
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Clermont County	\$16,837,670	7.76%	\$1,306,603
Hamilton County	111,605,000	1.79%	1,997,730
Warren County	421,790	0.19%	801
Loveland City	5,450,000	87.63%	4,775,835
Goshen Township	2,725,000	8.71%	237,348
Hamilton Township	4,978,975	1.02%	50,786
Miami Township	4,215,000	26.33%	1,109,810
Symmes Township	7,370,000	29.25%	2,155,725
Great Oaks Career Center Joint Vocational School District	3,325,000	3.68%	122,360
Subtotal, Overlapping Debt	156,928,435		11,756,997
District Direct Debt	30,799,810	100.00%	30,799,810
Total Direct and Overlapping Debt	\$187,728,245		\$42,556,807

Source: Ohio Municipal Advisory Council

Loveland City School District
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value (1)	\$633,127,029
Debt limit (9% of assessed value)	56,981,433
Debt applicable to limit	30,799,810
Legal debt margin	<u>\$26,181,623</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	N/A	N/A	\$36,863,729	\$40,102,229	\$45,731,696	\$47,523,255	\$48,660,192	\$54,275,434	\$55,395,841	\$56,981,433
Total Net Debt Applicable to Limit	N/A	N/A	13,565,000	46,550,734	43,520,734	41,965,734	41,551,734	38,170,734	35,895,734	30,799,810
Legal Debt Margin	N/A	N/A	\$23,298,729	(\$6,448,505)	\$2,210,962	\$5,557,521	\$7,108,458	\$16,104,700	\$19,500,107	\$26,181,623

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	36.80%	116.08%	95.17%	88.31%	85.39%	70.33%	64.80%	54.05%
----------------------------------------------------------------------	-----	-----	--------	---------	--------	--------	--------	--------	--------	--------

Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2006 is calendar year 2005)

N/A - Information not available

Loveland City School District
Demographic and Economic Statistics -- Hamilton County
Last Ten Calendar Years
Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1996	862,440	\$24,210,542	\$28,072	4.20%
1997	859,490	25,264,828	29,395	3.70%
1998	855,976	27,144,490	31,712	3.60%
1999	849,917	27,420,292	32,262	3.60%
2000	845,303	28,329,667	33,567	3.70%
2001	838,887	29,136,541	34,742	4.00%
2002	830,349	30,010,701	36,156	5.50%
2003	822,610	30,636,366	37,256	5.60%
2004	814,611	32,111,846	39,467	5.70%
2005	806,652	N/A	N/A	5.70%

- Sources:
- (1) - Population estimates provided by U.S. Census Bureau
 - (2) - Personal Income information provided by Bureau of Economic Analysis:
Regional Economic Accounts for Hamilton County
 - (3) - Per Capita Personal Income information provided by Bureau of Economic
Analysis: Regional Economic Accounts for Hamilton County
 - (4) - Ohio Bureau of Employment Services, rates are for Hamilton County

N/A - Information not available

Loveland City School District
 Demographic and Economic Statistics -- Clermont County
 Last Ten Calendar Years
 Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1996	167,937	\$3,555,586	\$21,172	4.50%
1997	170,952	4,045,083	23,662	4.20%
1998	173,634	4,328,158	24,927	3.60%
1999	176,389	4,829,257	27,378	3.70%
2000	178,659	5,177,032	29,063	3.60%
2001	180,937	5,319,190	29,491	4.00%
2002	183,314	5,490,118	30,048	5.40%
2003	185,704	5,635,054	30,437	5.50%
2004	188,614	5,950,404	31,641	5.40%
2005	N/A	N/A	N/A	5.40%

Sources:

- (1) - Population estimates provided by U.S. Census Bureau
- (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Clermont County
- (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Clermont County
- (4) - Ohio Bureau of Employment Services, rates are for Clermont County

N/A - Information not available

Loveland City School District
 Demographic and Economic Statistics -- Warren County
 Last Ten Fiscal Years
 Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1996	134,392	\$3,302,213	\$24,571	3.80%
1997	139,428	3,725,625	26,721	3.10%
1998	145,427	4,113,058	28,283	3.00%
1999	152,448	4,501,708	29,529	2.90%
2000	161,322	4,946,103	30,660	3.30%
2001	167,507	5,286,564	31,512	3.60%
2002	175,041	5,521,565	31,522	4.50%
2003	182,330	5,786,295	31,699	4.70%
2004	189,276	6,213,055	32,745	4.50%
2005	N/A	N/A	N/A	4.40%

- Sources:
- (1) - Population estimates provided by U.S. Census Bureau
 - (2) - Personal Income information provided by Bureau of Economic Analysis:
Regional Economic Accounts for Warren County
 - (3) - Per Capita Personal Income information provided by Bureau of Economic
Analysis: Regional Economic Accounts for Warren County
 - (4) - Ohio Bureau of Employment Services, rates are for Warren County

N/A - Information not available

Loveland City School District
 Principal Employers -- Hamilton County
 Current Year (1)
 Schedule 16

2006 (2)

Taxpayer	Number of Employees	Percentage of Total Employment
University of Cincinnati	15,400	3.72%
Kroger	15,100	3.65%
Health Alliance Greater Cincinnati	13,750	3.32%
Proctor & Gamble	12,250	2.96%
Tri Health Inc	8,900	2.15%
Children Hospital Medical Center	8,875	2.14%
5/3 Bank	8,850	2.14%
G.E. Aviation	7,100	1.72%
Mercy Health Partners	6,750	1.63%
Hamilton County	6,180	1.49%
	103,155	24.93%
Total County Employment	413,800	

Source: County Chamber of Commerce

(1) - Only current fiscal year information available

(2) - Data current as of December 2005

Loveland City School District
 Principal Employers -- Clermont County
 Current Year (1)
 Schedule I6

2006 (2)		
Taxpayer	Number of Employees	Percentage of Total Employment
Batavia Transmissions, LLC	1,700	1.68%
The Midland Company	1,000	0.99%
International Paper	750	0.74%
Cincinnati Milacron	620	0.61%
Mercy Hospital-Clermont	606	0.60%
UGS PLM Solutions	600	0.59%
Duke Energy	450	0.45%
Total Quality Logistics, Inc. (TQL)	400	0.40%
Hill Top Research	350	0.35%
Indiana Insurance Co.	330	0.33%
	<u>6,806</u>	<u>6.73%</u>
 Total County Employment	 101,100	

Source: County Chamber of Commerce

(1) - Only current fiscal year information available

(2) - Data current as of July 2006

Loveland City School District
 Principal Employers -- Warren County
 Current Year (1)
 Schedule 16

2006 (2)

Taxpayer	Number of Employees	Percentage of Total Employment
Financial & Credit Services Group	2,250	2.29%
Anthem	2,243	2.28%
Procter & Gamble	2,100	2.13%
Middletown Regional Hospital	1,900	1.93%
Cintas Corporate	1,800	1.83%
Luxotica Retail	1,166	1.18%
Advics Manufacturing	650	0.66%
Sumco	623	0.63%
Pioneer Automotive	621	0.63%
Quebecor World	553	0.56%
	13,906	14.13%
Total County Employment	98,400	

Source: County Chamber of Commerce

(1) - Only current fiscal year information available

(2) - Data current as of January 2006

Loveland City School District
 Full-Time - Equivalent District Employees by Type
 Last Five Fiscal Years (1)
 Schedule 17

	Fiscal Year				
	2002	2003	2004	2005	2006
Supervisory					
Instructional Administrators (Athletic Director)	1	1	1	1	1
Non-Instructional Administrators	2	2	2	4	4
Assistant Principal	1	1	3	3	3
Principals	6	6	6	6	6
Supervisors/Directors	2	2	3	3	4
Treasurer	0	0	0	0	0
Coordinator	2	3	3	4	4
Total Supervisory	<u>14</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>22</u>
Instruction					
Elementary Classroom Teachers	124	124	125	127	128
Secondary Classroom Teachers	52	52	52	50	50
Educational Service Teachers (Art, Music, PE)	30	29	33	33	37
Intervention Specialists	25	28	27	29	33
Regular Ed Tutors / Reading Intervention Teachers	10	7	9	9	10
Classroom Aides	43	45	53	55	56
Total Instruction	<u>284</u>	<u>285</u>	<u>299</u>	<u>303</u>	<u>314</u>
Student Services					
Guidance Counselors	7	7	10	8	10
Psychologists	2	2	1	3	3
Librarians	3	3	3	3	3
Other Professional / Non-Instructional (Building Coordinators)	4	4	3	3	3
Technicians	6	6	6	6	7
Media Aides	4	4	4	4	4
Health Aides	5	5	6	6	6
Nurses	3	3	4	4	4
Total Student Services	<u>34</u>	<u>34</u>	<u>37</u>	<u>37</u>	<u>40</u>
Support Administration					
Clerical	24	26	27	27	28
Custodians	31	34	39	37	40
Bus Drivers	55	47	59	70	87
Mechanics / Maintenance Workers	4	4	4	5	5
Total Support Administration	<u>114</u>	<u>111</u>	<u>129</u>	<u>139</u>	<u>160</u>
Grand Total	<u>446</u>	<u>445</u>	<u>483</u>	<u>500</u>	<u>536</u>

Source: State Department of Education

(1) - Only information for last five fiscal years available

Loveland City School District
 Operating Statistics
 Last Ten Fiscal Years
 Schedule 18

Fiscal Year	Enrollment	Operating Expenditure	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1997	3,142	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	3,202	N/A	N/A	N/A	N/A	N/A	N/A	168	19	5.30%
1999	3,445	\$22,261,765	\$6,462	N/A	N/A	N/A	N/A	179	19	4.00%
2000	4,149	23,955,285	5,774	-10.65%	N/A	N/A	N/A	197	21	5.80%
2001	4,321	26,832,984	6,210	7.55%	N/A	N/A	N/A	211	20	N/A
2002	4,399	28,482,325	6,475	4.26%	N/A	N/A	N/A	226	19	N/A
2003	4,552	31,641,275	6,951	7.36%	\$34,092,698	\$7,490	N/A	227	20	7.10%
2004	4,569	33,835,316	7,405	6.54%	37,166,362	8,134	100.00%	225	20	7.60%
2005	4,661	35,979,566	7,719	4.24%	40,729,052	8,738	7.42%	240	19	8.20%
2006	4,898	41,048,403	8,381	8.57%	44,181,705	9,020	3.23%	236	21	7.40%

Source: District Records

N/A - Information not available

Loveland City School District
 School Building Information,
 Last Ten Fiscal Years
 Schedule 19

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Elementary										
LECC (PreK, K, 5 rooms of gr.1)										
Square feet	47,450	47,450	47,450	47,450	47,450	47,450	47,450	47,450	47,450	47,450
Capacity	650	650	650	650	650	650	650	650	570	550
Enrollment	394	450	420	419	434	480	474	448	518	579
LPS (1/2 grade 1 & 2)										
Square feet	50,805	50,805	50,805	75,750	75,750	75,750	75,750	75,750	75,750	75,750
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	574	509	625	668	627	597	669	702	643	614
Wing (1/2 grade 2, 1/2 grade 3)										
Square feet	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
Capacity	260	260	260	260	260	260	260	260	260	260
Enrollment	100	165	235	282	277	269	297	319	287	247
LES (1/2 grade 3, grade 4)										
Square feet	59,455	59,455	59,455	59,455	59,455	59,455	59,455	59,455	59,455	59,455
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	526	556	610	614	650	672	628	617	644	714
LIS (grade 5, grade 6)										
Square feet	(1)	(1)	(1)	124,710	124,710	124,710	124,710	124,710	124,710	124,710
Capacity	(1)	(1)	(1)	725	725	725	725	725	725	725
Enrollment	(1)	(1)	(1)	588	640	641	667	694	675	674
Junior High School										
LMS (grade 7 & 8)										
Square feet	93,215	93,215	93,215	104,560	104,560	104,560	104,560	104,560	104,560	104,560
Capacity	600	600	600	750	750	750	750	750	750	750
Enrollment	553	570	587	593	563	581	658	661	690	734
High School										
LHS (grade 9-12)										
Square feet	151,707	151,707	151,707	205,670	205,670	205,670	205,670	205,670	205,670	205,670
Capacity	1,100	1,100	1,100	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	995	952	968	985	1,130	1,159	1,159	1,128	1,204	1,336

Source: District Records

(1) - LIS was completed and opened in fiscal year 2000

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Mary Taylor, CPA
Auditor of State

LOVELAND CITY 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
MARCH 1, 2007