

LOVELAND CITY SCHOOL DISTRICT

Single Audit Reports

June 30, 2003



**Auditor of State
Betty Montgomery**

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

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

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 17, 2004

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**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed in accordance with
*Government Auditing Standards***

December 22, 2003

To the Board of Education:

We have audited the basic financial statements of the Loveland City School District, (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 2003, wherein we noted the District adopted Government Accounting Standards Board 34, 37 and 38 and Government Accounting Standards Board Interpretation No. 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 22, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal

course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


Plattenburg & Associates, Inc.
Certified Public Accountants



Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133

December 22, 2003

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on 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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. 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 and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Plattenburg & Associates, Inc.
Certified Public Accountants

LOVELAND CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED June 30, 2003

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Child Nutrition Cluster:						
National School Lunch Program	04-PU	10,555	\$103,964	\$0	\$103,964	\$0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>103,964</u>	<u>0</u>	<u>103,964</u>	<u>0</u>
Food Distribution Program	03-PU	10,550	0	56,676	0	56,676
Total U.S. Department of Agriculture - Nutrition Cluster			<u>103,964</u>	<u>56,676</u>	<u>103,964</u>	<u>56,676</u>
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI - B Grant	6B-SF	84,027	274,661	0	346,537	0
Preschool Grant	PG-S1	84,173	3,663	0	13,083	0
Total U.S. Special Education Cluster			<u>278,324</u>	<u>0</u>	<u>359,620</u>	<u>0</u>
Eisenhower Grant	MS-S1	84,281	1,576	0	11,238	0
Title I Grant	C1-S0	84,010	226,592	0	229,785	0
Title VI	C2-S1	84,298	14,454	0	39,112	0
Tech Literacy	TF-S1	84,318	1,838	0	1,907	0
Drug Free Schools Grant	DR-S1	84,186	16,394	0	32,760	0
Assistant Tech, Infusion	*	84,352	20,488	0	20,488	0
Improving Teacher Quality	*	84,367	66,592	0	78,348	0
Harvard Conference	*	84,276	0	0	9,525	0
Total Department of Education			<u>626,258</u>	<u>0</u>	<u>782,783</u>	<u>0</u>
Total Federal Assistance			<u>\$730,222</u>	<u>\$56,676</u>	<u>\$886,747</u>	<u>\$56,676</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants, and it is assumed that federal monies are expended first.

* Information unavailable

LOVELAND CITY SCHOOL DISTRICT
June 30, 2003

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

LOVELAND CITY SCHOOL DISTRICT
JUNE 30, 2003

SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS
OMB CIRCULAR A-133

Loveland City School District had no prior audit findings or questioned costs.

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**LOVELAND CITY SCHOOL DISTRICT
LOVELAND, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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INTRODUCTORY SECTION



Loveland City School District

757 S. Lebanon Road • Loveland, Ohio 45140

Telephone (513) 683-5600

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December 22, 2003

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, 2003, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of State and conforms to Generally Accepted Accounting Principles (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.

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, 2002 CAFR. Also included are the District's major current and future initiatives.

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

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

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

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

During the 2002-2003 school year, the District served 4,175 students enrolled in 3 elementary schools, 1 intermediate school, 1 middle school and 1 high school. This enrollment increased by 54 students from the 2001-2002 school year. The preliminary enrollment for the 2003-2004 school year is 4,194, an increase of 19 students.

CONSTRUCTED	SCHOOL ADDRESS	OCTOBER 2003 ENROLLMENT
1963	Loveland Early Childhood Center 6740 Loveland Miamiville Road	479
1957	Loveland Primary School 550 Loveland Maderia Road	614
1941	Loveland Elementary School 600 Loveland Madeira Road	629
2000	Loveland Intermediate School 757 South Lebanon Road	665

1962	Loveland Middle School 801 South Lebanon Road	652
1992	Loveland High School 1 Tiger Trail	1,155

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, 2003, were as follows:

BOARD MEMBER	BEGAN SERVICE	TERM EXPIRES	PROFESSION
Dr. Judy McClanahan	January, 1998	December, 2005	Homemaker
Mrs. Linda Pennington	January, 1996	December, 2005	Homemaker
Dr. Kathryn Lorenz	November, 1991	December, 2007	Professor
Dr. James L. Kolp	January, 2000	December, 2007	Physician
Mrs. Christine Olsen	January, 2002	December, 2005	Business Manager

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.

EMPLOYEE RELATIONS

The District currently has approximately 634 full-time employees. The number of employees has been steady for the last several years. During the 2003 fiscal year, the District paid from its General Fund \$18,076,182 in salaries and wages, and \$5,662,582 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, 2004. 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, 2004.

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 5,579 students each day. The District fleet of 68 buses travels over 3,291 miles each day transporting to 23 different sites. In addition to making more than 272 daily runs, the department transported both public and non-public students on 1,418 extracurricular trips during the year.

The food service department served 190,436 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 43 students in the specific trades through career-technical education. Over 350 students receive special services, due to identified disabilities. In grades 3-8, approximately 120 students participated in the gifted program. The District presented 268 high school diplomas in 2003.

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 third consecutive year, the Loveland City School District has earned the designation of “Excellent” on the Ohio Department of Education’s state report card. The District also improved or maintained scores in 16 out of the 22 areas rated.

Each school district in Ohio is also given a performance index score. For each subject area in grades 4 and 6, students receive one of four performance levels (below basic, basic, proficient and advanced). The performance index score represents the achievement of all students on all five subject areas of the proficiency tests and creates a scale of 0-120. Loveland’s performance index score is 98.3.

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 2002-03 school year because the IEP sub-group did not meet a proficiency level in mathematics. Appropriate intervention will focus on reaching this goal for 2003-04.

In order to maintain excellence, meet AYP, and continue to demonstrate to our stakeholders a strong return on its investment in our schools, the Board identified six goals to be initiated during the 2003-2004 school year:

GOALS

1. The District will pass an operating levy to fund identified critical needs of the school district by December 31, 2004.
2. The District will support classroom instruction by providing technology training and resources.
3. The District will examine ways to leverage the effective use of time.
4. The District will establish an active strategic curriculum plan that ensures a curriculum that is relevant, engaging, and articulated to state and national standards.

5. The District will provide research-based, age-appropriate intervention for all students with identified needs.
6. The District will provide adequate guidance staffing and services to meet the emotional, social and academic needs of each student.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

Partners in Education is a program that brings together businesses and schools in order to address specific educational needs. The business-school partnerships are formal, voluntary relationships between one school and one business. Partnerships match available resources with identified needs to meet mutually agreed upon goals and objectives. Partnerships also give those in the business community insight into the workings of the school and a better understanding of the needs of the educational system.

Loveland Schools enjoy a partnership with International Paper Company. Students have benefited from International Paper's support of science labs, environmental educational programs, an elementary library and professional development for teachers and administration.

For a more in-depth analysis of the District's current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report in the Financial Section.

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 basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic 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 \$382,198 for the year ended June 30, 2003.

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 110 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, 2003 is included in the Notes to the Basic Financial Statements.

INDEPENDENT AUDIT

This report includes financial statements and supplemental schedules which have been audited by Plattenburg & Associates, Inc., a firm of independent Certified Public Accountants. The report of independent accountants of Plattenburg & Associates, Inc., specifies the scope of their audit, the use of generally accepted auditing standards and the conformity of generally accepted accounting principles, and concludes that these financial statements present fairly the financial position of the District.

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, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate

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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2002. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2003, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2003 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 black ink, appearing to read "Jill D. Manville". The signature is fluid and cursive, with a large initial "J" and "M".

Jill D. Manville
Treasurer/CFO

LOVELAND CITY SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

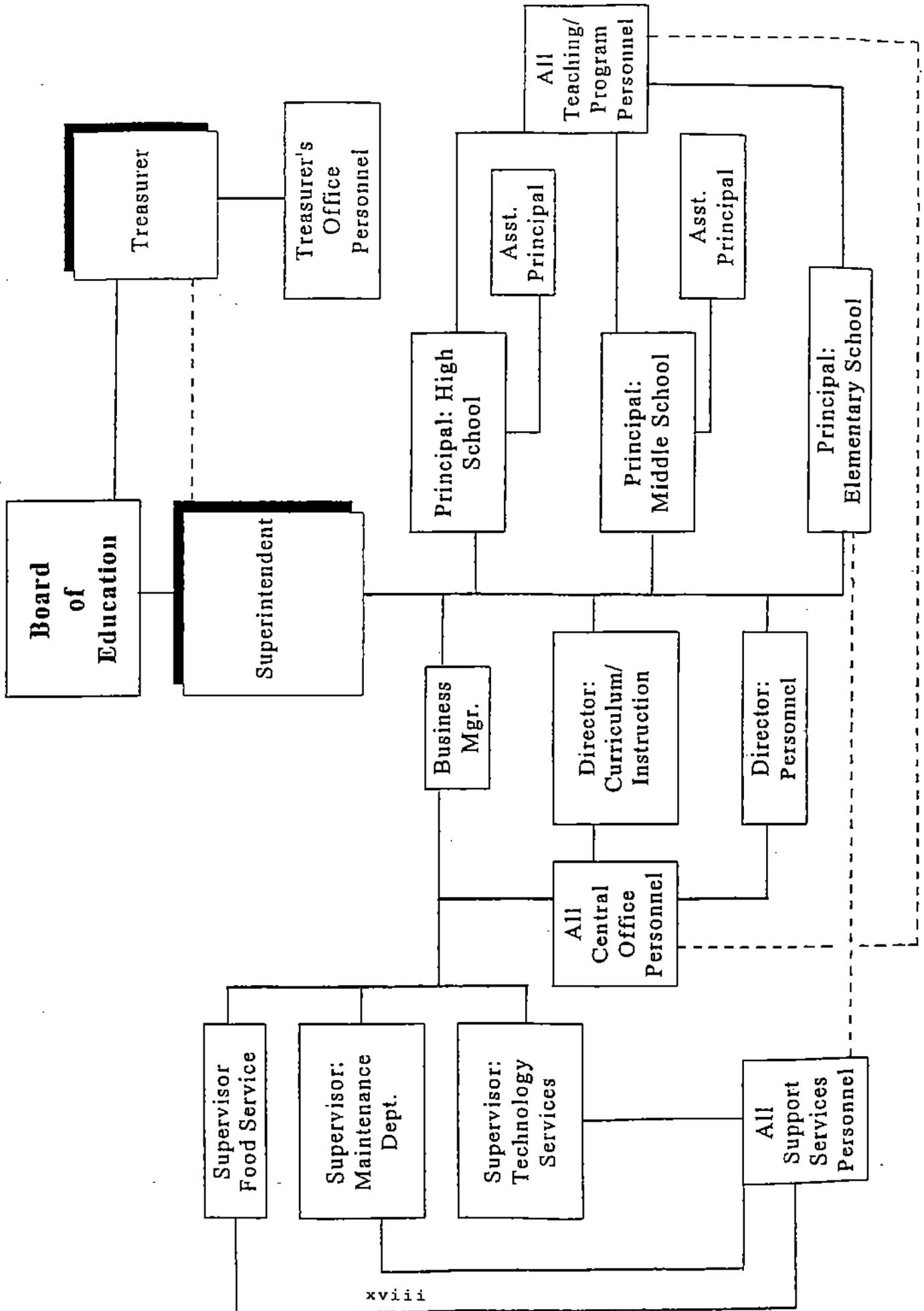
June 30, 2003

BOARD OF EDUCATION

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

ADMINISTRATIVE OFFICIALS

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



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, 2002

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



William Patrick Harte

President

Jeffrey R. Emmer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

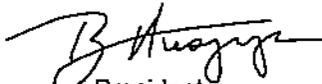


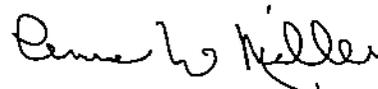
This Certificate of Excellence in Financial Reporting is presented to

LOVELAND CITY SCHOOL DISTRICT

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

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


President


Executive Director

**FINANCIAL
SECTION**



December 22, 2003

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Loveland City School District, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

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

As described in the notes, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

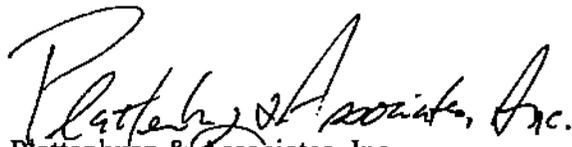
The Management's Discussion and Analysis and the budgetary information, listed in the table of contents as required supplementary information, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United 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 supplementary information. However, we did not audit the information and express no opinion on it.

Combining Financial Statements and Individual Fund Schedules

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not be subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.



Plattenburg & Associates, Inc.

Certified Public Accountants

**LOVELAND CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003
(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, 2003. 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.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$5.58 million. Net assets of governmental activities increased \$5.57 million which represents a 34.7% increase from 2002. Net assets of business-type activities increased \$0.007 million or 1.6% from 2002.
- General revenues accounted for \$36.98 million in revenue or 91.2% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3.58 million or 8.8% of total revenues of \$40.56 million.
- Total assets of governmental activities increased by \$2.66 million as taxes receivable increased by \$0.87 million and cash and other receivables increased by \$2.25 million.
- The District had \$34.09 million in expenses related to governmental activities; \$2.68 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$36.98 million were adequate to provide for these programs.
- As the major funds, the General Fund had \$32.86 million in revenues and \$29.58 million in expenditures. The General Fund balance increased from \$5.72 to \$8.96 million. The Debt Service Fund had \$4.68 million in revenues and \$3.93 million in expenditures. The Debt Service Fund balance increased from \$3.53 to \$4.28 million.

Using this Comprehensive Annual Financial Report (CAFR)

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 and Debt Service Funds are the major funds of the District.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* 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 *Statement of Net Assets* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service is reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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 2002 compared to 2003:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
Assets						
Current and Other Assets	\$30,296,223	\$33,410,950	\$264,274	\$286,788	\$30,560,497	\$33,697,738
Capital Assets	<u>51,812,668</u>	<u>51,360,670</u>	<u>246,672</u>	<u>230,012</u>	<u>52,059,340</u>	<u>51,590,682</u>
Total Assets	<u>82,108,891</u>	<u>84,771,620</u>	<u>510,946</u>	<u>516,800</u>	<u>82,619,837</u>	<u>85,288,420</u>
Liabilities						
Long-Term Liabilities	42,921,308	43,319,090	0	3,511	42,921,308	43,322,601
Other Liabilities	<u>23,109,027</u>	<u>19,802,486</u>	<u>68,065</u>	<u>63,190</u>	<u>23,177,092</u>	<u>19,865,676</u>
Total Liabilities	<u>66,030,335</u>	<u>63,121,576</u>	<u>68,065</u>	<u>66,701</u>	<u>66,098,400</u>	<u>63,188,277</u>
Net Assets						
Invested in Capital						
Assets Net of Debt	7,875,666	10,604,713	246,672	230,012	8,122,338	10,834,725
Restricted	3,537,316	4,763,056	0	0	3,537,316	4,763,056
Unrestricted	<u>4,665,574</u>	<u>6,282,275</u>	<u>196,209</u>	<u>220,087</u>	<u>4,861,783</u>	<u>6,502,362</u>
Total Net Assets	<u>\$16,078,556</u>	<u>\$21,650,044</u>	<u>\$442,881</u>	<u>\$450,099</u>	<u>\$16,521,437</u>	<u>\$22,100,143</u>

Total assets increased \$2.67 million. Equity in pooled cash and cash equivalents increased \$1.62 million. Taxes receivable increased \$0.87 million. Total liabilities decreased \$2.91 million, resulting in a net asset increase of \$5.58 million.

The net assets of the District business-type activities increased by \$0.007 million. Since the increase was slight, management has reviewed and, where and when feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	\$853,085	\$739,860	\$1,592,945
Operating Grants	1,708,381	152,972	1,861,353
Capital Grants	121,422	0	121,422
General Revenue:			
Property Taxes	23,662,406	0	23,662,406
Grants and Entitlements	12,717,708	0	12,717,708
Other	<u>601,184</u>	<u>1,686</u>	<u>602,870</u>
Total Revenues	<u>39,664,186</u>	<u>894,518</u>	<u>40,558,704</u>
Program Expenses:			
Instruction	18,645,800	0	18,645,800
Support Services:			
Pupil and Instructional Staff	2,577,753	0	2,577,753
General Administration, School			
Administration, Fiscal and Business	3,055,402	0	3,055,402
Operations and Maintenance	3,187,598	0	3,187,598
Pupil Transportation	2,396,177	0	2,396,177
Central	755,115	0	755,115
Community Services	617,664	0	617,664
Extracurricular Activities	963,397	0	963,397
Interest and Fiscal Charges	1,893,792	0	1,893,792
Food Service	<u>0</u>	<u>887,300</u>	<u>887,300</u>
Total Expenses	<u>34,092,698</u>	<u>887,300</u>	<u>34,979,998</u>
Increase in Net Assets	<u>\$5,571,488</u>	<u>\$7,218</u>	<u>\$5,578,706</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 92% 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 59.7% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 55% of governmental program expenses. Support services expenses were 35% 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.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	\$18,645,800	\$17,415,616
Support Services:		
Pupil and Instructional Staff	2,577,753	2,109,112
General Administration, School Administration, Fiscal and Business	3,055,402	3,055,352
Operations and Maintenance	3,187,598	3,187,598
Pupil Transportation	2,396,177	2,331,331
Central	755,115	711,988
Community Services	617,664	115,745
Extracurricular Activities	963,397	589,276
Interest and Fiscal Charges	<u>1,893,792</u>	<u>1,893,792</u>
Total Expenses	<u>\$34,092,698</u>	<u>\$31,409,810</u>

Business-Type Activities

Business-type activities include the food service operation. This program had revenues of \$0.89 million and expenses of \$0.89 million for fiscal year 2003. As discussed earlier, management has reviewed these programs and food service fees were increased. Business activities receive no support from tax revenues.

The District's Funds

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$39,370,347 and expenditures and other financing uses of \$35,797,471. The net change in fund balance for the year was \$3,572,067.

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 2003, the District amended its general fund budget numerous 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 \$30.00 million, above original budget estimates of \$29.16 million. Of this \$0.84 million difference, most was due to estimates for taxes and intergovernmental revenue.

The District's ending unobligated cash balance for the general fund was \$1.21 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the District had \$51.6 million invested in land, buildings and equipment. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

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

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Land	\$1,436,356	\$1,436,356	\$0	\$0	\$1,436,356	\$1,436,356
Buildings and Improvements	49,308,128	48,374,177	0	0	49,308,128	48,374,177
Equipment	<u>1,068,184</u>	<u>1,550,137</u>	<u>246,672</u>	<u>230,012</u>	<u>1,314,856</u>	<u>1,780,149</u>
Total Net Assets	<u>\$51,812,668</u>	<u>\$51,360,670</u>	<u>\$246,672</u>	<u>\$230,012</u>	<u>\$52,059,340</u>	<u>\$51,590,682</u>

The decrease in capital assets is due to deletions in the capital assets account. The District continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2003, the District had \$39,608,734 in bonds and notes payable outstanding, \$3,435,000 due within one year. Table 5 summarizes bonds and notes payable outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2002	Governmental Activities 2003
Total:		
General Obligation Bonds Payable:		
1999 Bond Issue	\$1,800,000	\$1,700,000
1999 Bond Issue	<u>38,390,734</u>	<u>36,470,734</u>
Subtotal General Obligation Bonds Payable:	40,190,734	38,170,734
Notes Payable:		
2001 Note Issue	1,057,000	1,057,000
2002 Note Issue	304,000	291,000
2002 Note Issue	<u>90,000</u>	<u>90,000</u>
Subtotal Notes Payable	1,451,000	1,438,000
 Total Outstanding Debt at Year End	 <u>\$41,641,734</u>	 <u>\$39,608,734</u>

At June 30, 2003, the District’s overall legal debt margin was \$110,844,089 with an unvoted debt margin of \$1,626,379.

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 2004. 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.

In addition, the District's system of budgeting and internal controls is well regarded. 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, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$10,468,950	\$247,846	\$10,716,796
Restricted Cash and Investments	336,785	0	336,785
Receivables:			
Taxes	21,875,789	0	21,875,789
Accounts	147,842	0	147,842
Interest	10,429	5	10,434
Intergovernmental	558,966	14,976	573,942
Internal Balances	12,189	(12,189)	0
Inventory	0	36,150	36,150
Nondepreciable Capital Assets	1,436,356	0	1,436,356
Depreciable Capital Assets, Net	49,924,314	230,012	50,154,326
Total Assets	84,771,620	516,800	85,288,420
Liabilities:			
Accounts Payable	15,392	0	15,392
Accrued Wages and Benefits	3,730,546	57,952	3,788,498
Accrued Interest Payable	156,530	0	156,530
Deferred Revenue	15,900,018	5,238	15,905,256
Long-Term Liabilities:			
Due Within One Year	3,629,439	0	3,629,439
Due In More Than One Year	39,689,651	3,511	39,693,162
Total Liabilities	63,121,576	66,701	63,188,277
Net Assets:			
Invested in Capital Assets, Net of Related Deb	10,604,713	230,012	10,834,725
Restricted for:			
Debt Service	4,126,210	0	4,126,210
Capital Projects	1,810	0	1,810
Special Revenue	635,036	0	635,036
Unrestricted	6,282,275	220,087	6,502,362
Total Net Assets	\$21,650,044	\$450,099	\$22,100,143

See accompanying notes.

Loveland City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$15,058,409	\$464,742	\$259,249	\$56,576
Special	3,212,742	0	400,774	0
Vocational	229,828	0	0	0
Other	144,821	14,222	34,621	0
Support Services:				
Pupil	1,502,941	0	256,873	0
Instructional Staff	1,074,812	0	211,768	0
General Administration	167,305	0	0	0
School Administration	1,920,831	0	50	0
Fiscal	807,397	0	0	0
Business	159,869	0	0	0
Operations and Maintenance	3,187,598	0	0	0
Pupil Transportation	2,396,177	0	0	64,846
Central	755,115	0	43,127	0
Community Services	617,664	0	501,919	0
Extracurricular Activities	963,397	374,121	0	0
Interest and Fiscal Charges	1,893,792	0	0	0
Total Governmental Activities	34,092,698	853,085	1,708,381	121,422
Business-Type Activities:				
Food Service	887,300	739,860	152,972	0
Total Business-Type Activities	887,300	739,860	152,972	0
Totals	\$34,979,998	\$1,592,945	\$1,861,353	\$121,422

General Revenues:
Property Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Contributions
Investment Earnings
Other Revenues

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$14,277,842)	\$0	(\$14,277,842)
(2,811,968)	0	(2,811,968)
(229,828)	0	(229,828)
(95,978)	0	(95,978)
(1,246,068)	0	(1,246,068)
(863,044)	0	(863,044)
(167,305)	0	(167,305)
(1,920,781)	0	(1,920,781)
(807,397)	0	(807,397)
(159,869)	0	(159,869)
(3,187,598)	0	(3,187,598)
(2,331,331)	0	(2,331,331)
(711,988)	0	(711,988)
(115,745)	0	(115,745)
(589,276)	0	(589,276)
(1,893,792)	0	(1,893,792)
(31,409,810)	0	(31,409,810)
0	5,532	5,532
0	5,532	5,532
(\$31,409,810)	\$5,532	(\$31,404,278)
19,474,618	0	19,474,618
4,187,788	0	4,187,788
12,717,708	0	12,717,708
250	0	250
380,512	1,686	382,198
220,422	0	220,422
36,981,298	1,686	36,982,984
5,571,488	7,218	5,578,706
16,078,556	442,881	16,521,437
\$21,650,044	\$450,099	\$22,100,143

Loveland City School District
Balance Sheet
Governmental Funds
June 30, 2003

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$6,853,613	\$3,166,400	\$427,049	\$10,447,062
Restricted Cash and Investments	336,785	0	0	336,785
Receivables:				
Taxes	18,016,172	3,859,617	0	21,875,789
Accounts	118,125	0	29,717	147,842
Interest	10,429	0	0	10,429
Intergovernmental	0	0	558,966	558,966
Interfund	214,667	0	0	214,667
Total Assets	25,549,791	7,026,017	1,015,732	33,591,540
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	805	0	14,587	15,392
Accrued Wages and Benefits	3,421,442	0	120,552	3,541,994
Compensated Absences	10,074	0	0	10,074
Interfund Payable	0	0	202,478	202,478
Deferred Revenue	13,156,740	2,743,277	371,864	16,271,881
Total Liabilities	16,589,061	2,743,277	709,481	20,041,819
Fund Balances:				
Reserved for Encumbrances	24,305	0	155,730	180,035
Reserved for Property Tax Advances	4,859,432	1,116,340	0	5,975,772
Reserved for Set-Aside	336,785	0	0	336,785
Unreserved, Undesignated, Reported in:				
General Fund	3,740,208	0	0	3,740,208
Special Revenue Funds	0	0	148,711	148,711
Debt Service Funds	0	3,166,400	0	3,166,400
Capital Projects Funds	0	0	1,810	1,810
Total Fund Balances	8,960,730	4,282,740	306,251	13,549,721
Total Liabilities and Fund Balances	\$25,549,791	\$7,026,017	\$1,015,732	\$33,591,540

See accompanying notes.

Loveland City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2003

Total Governmental Fund Balance	\$13,549,721
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.	51,360,670
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	371,863
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	21,888
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(156,530)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(2,741,611)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(40,755,957)</u>
Net Assets of Governmental Activities	<u>\$21,650,044</u>

See accompanying notes.

Loveland City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$19,474,619	\$4,187,788	\$0	\$23,662,407
Tuition and Fees	461,584	0	0	461,584
Investment Earnings	379,650	0	861	380,511
Intergovernmental	12,328,143	491,023	1,372,103	14,191,269
Extracurricular Activities	0	0	374,121	374,121
Other Revenues	218,073	0	19,978	238,051
Total Revenues	32,862,069	4,678,811	1,767,063	39,307,943
Expenditures:				
Current:				
Instruction:				
Regular	13,503,469	0	283,706	13,787,175
Special	2,857,529	0	306,654	3,164,183
Vocational	228,110	0	0	228,110
Other	140,821	0	4,000	144,821
Support Services:				
Pupil	1,315,823	0	178,588	1,494,411
Instructional Staff	931,107	0	156,642	1,087,749
General Administration	167,305	0	0	167,305
School Administration	2,019,716	5,113	32	2,024,861
Fiscal	754,696	48,150	0	802,846
Business	168,539	0	29,729	198,268
Operations and Maintenance	3,126,398	0	0	3,126,398
Pupil Transportation	2,523,219	0	399,322	2,922,541
Central	833,589	0	76,736	910,325
Community Services	183,734	0	434,213	617,947
Extracurricular Activities	602,915	0	361,420	964,335
Debt Service:				
Principal Retirement	147,325	2,033,000	0	2,180,325
Interest and Fiscal Charges	71,133	1,843,143	0	1,914,276
Total Expenditures	29,575,428	3,929,406	2,231,042	35,735,876
Excess of Revenues Over (Under) Expenditures	3,286,641	749,405	(463,979)	3,572,067
Other Financing Sources (Uses):				
Transfers In	0	0	62,404	62,404
Transfers (Out)	(48,438)	0	(13,966)	(62,404)
Total Other Financing Sources (Uses)	(48,438)	0	48,438	0
Net Change in Fund Balance	3,238,203	749,405	(415,541)	3,572,067
Fund Balance Beginning of Year	5,722,527	3,533,335	721,792	9,977,654
Fund Balance End of Year	\$8,960,730	\$4,282,740	\$306,251	\$13,549,721

See accompanying notes.

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, 2003

Net Change in Fund Balance - Total Governmental Funds	\$3,572,067
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(451,998)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	356,243
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,180,325
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.	20,484
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(112,547)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	6,914
Change in Net Assets of Governmental Activities	<u>\$5,571,488</u>

See accompanying notes.

Loveland City School District
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activities - Food Service	Governmental Activities- Internal Service Fund
Assets:		
Equity in Pooled Cash and Investments	\$247,846	\$21,888
Receivables:		
Interest	5	0
Intergovernmental	14,976	0
Inventory	36,150	0
Total Current Assets	298,977	21,888
Depreciable Capital Assets, Net	230,012	0
Total Assets	528,989	21,888
Liabilities:		
Current Liabilities:		
Accrued Wages and Benefits	57,952	0
Interfund Payable	12,189	0
Deferred Revenue	5,238	0
Total Current Liabilities	75,379	0
Long-Term Liabilities:		
Compensated Absences	3,511	0
Total Liabilities	78,890	0
Net Assets:		
Invested in Capital Assets, Net of Related Debt	230,012	0
Restricted for:		
Unrestricted	220,087	21,888
Total Net Assets	\$450,099	\$21,888

See accompanying notes.

Loveland City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities - Food Service	Governmental Activities- Internal Service Fund
Operating Revenues:		
Charges for Services	\$739,860	\$0
Other Revenues	0	41,214
Total Operating Revenues	739,860	41,214
Operating Expenses:		
Personal Services	424,152	0
Contactual Services	22,870	34,300
Materials and Supplies	388,568	0
Depreciation	51,710	0
Total Operating Expenses	887,300	34,300
Operating Income (Loss)	(147,440)	6,914
Non-Operating Revenues (Expenses):		
Investment Earnings	1,686	0
Donated Commodities	44,205	0
Operating Grants	108,767	0
Total Non-Operating Revenues (Expenses)	154,658	0
Change in Net Assets	7,218	6,914
Net Assets Beginning of Year	442,881	14,974
Net Assets End of Year	\$450,099	\$21,888

See accompanying notes.

Loveland City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities - Food Service	Governmental Activities- Internal Service Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$739,860	\$41,214
Cash Payments to Employees	(409,841)	0
Cash Payments to Suppliers	(391,517)	(34,300)
Net Cash Provided (Used) by Operating Activities	(61,498)	6,914
Cash Flows from Noncapital Financing Activities:		
Operating Grants Received	108,252	0
Net Cash Provided (Used) by Noncapital Financing Activities	108,252	0
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(35,050)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(35,050)	0
Cash Flows from Investing Activities:		
Earnings on Investments	1,851	0
Net Cash Provided (Used) by Cash Flows from Investing Activities	1,851	0
Net Increase (Decrease) in Cash and Cash Equivalents	13,555	6,914
Cash and Cash Equivalents Beginning of Year	234,291	14,974
Cash and Cash Equivalents End of Year	247,846	21,888
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(147,440)	6,914
Adjustments:		
Depreciation	51,710	0
Donated Commodities	44,205	0
Changes in Assets & Liabilities:		
(Increase) Decrease in Inventory	(20,798)	0
Increase (Decrease) in Payables	(27)	0
Increase (Decrease) in Accrued Liabilities	14,311	0
Increase (Decrease) in Deferred Revenue	(3,459)	0
Net Cash Provided (Used) by Operating Activities	(\$61,498)	\$6,914
Schedule of Noncash Capital Activities:		
During the fiscal year, the Food Service Fund received contributed food commodities valued at	\$44,205	

See accompanying notes.

Loveland City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$86,953</u>
Total Assets	<u>\$86,953</u>
Liabilities:	
Accounts Payable	\$275
Other Liabilities	<u>86,678</u>
Total Liabilities	<u>\$86,953</u>

See accompanying notes.

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**LOVELAND CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2003**

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

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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and 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.

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

Fiduciary funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

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

Governmental Funds

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

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

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

Proprietary Fund

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

Enterprise Fund – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District’s only enterprise fund is:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Internal Service Fund – This fund accounts for the financing of goods or services provided by one department or agency to another department or agency of the District on a cost reimbursement basis.

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’s only fiduciary fund is an agency fund.

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, 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. Unused donated commodities are reported as deferred revenue.

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

CASH AND CASH EQUIVALENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agent". The account on the combined balance sheet "Cash with fiscal and escrow agents" represents deposits used to pay arbitrage liability.

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 2003. 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, 2003.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue (on governmental-wide statements) during fiscal year 2003 amounted to \$382,198.

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

INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements inventories of enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

CAPITAL ASSETS

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

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. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-40 years	N/A
Equipment	3-15 years	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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

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. The entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	25-30 days per year or 2.08-2.50 per month	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	Double the maximum accumulated
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	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)
Maximum Accumulation	325 days	325 days	325 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/3 paid upon retirement	1/3 paid upon retirement	1/3 paid upon retirement

NET ASSETS

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

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, adult education and community school. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

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

Lapsing of Appropriations

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

FUND EQUITY

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

CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

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

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund.

The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$5,722,158	\$3,533,335	\$721,792	\$9,977,285
Fund Reclassification	<u>369</u>	<u>0</u>	<u>0</u>	<u>369</u>
Adjusted Fund Balances, June 30, 2002	<u>\$5,722,527</u>	<u>\$3,533,335</u>	<u>\$721,792</u>	<u>\$9,977,654</u>
GASB 34 Adjustments:				
Capital Assets				\$51,812,668
Accrued Interest Payable				(177,014)
Compensated Absences Payable				(2,453,126)
Deferred Revenue				15,620
Accrued Wages and Benefits				(175,938)
Long Term Liabilities				(42,846,282)
Prior Period Adjustment:				
Note Payable				<u>(75,026)</u>
Governmental Activities Net Assets, June 30, 2002				<u>\$16,078,556</u>

At June 30, 2002, fixed assets were restated in the Enterprise Funds. This restatement had the following effect on fund equity as it was previously reported:

	<u>Food Service</u>
Fund Equity, June 30, 2002	\$491,628
Fixed Assets	<u>(48,747)</u>
Adjusted Net Assets, June 30, 2002	<u>\$442,881</u>

4. CASH AND CASH EQUIVALENTS

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

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) Repurchase agreements in the securities enumerated above.
- (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.

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 – At the year end, the carrying amount of the District's deposits was \$4,101,548. The bank balance of deposits was \$4,752,950 of which \$100,000 was covered by federal depository insurance. The remaining balance of \$4,652,950 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

- Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Money Market Fund*	\$0	\$0	\$0	\$19,970
Federal Agency Security	0	0	5,972,458	5,972,458
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,046,558</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$5,972,458</u>	<u>\$7,038,986</u>

*The District's investment in the Ohio State Treasury Pool and Money Market fund are not categorized because they are not evidenced by securities that exist in physical or book entry form.

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 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

5. PROPERTY TAXES

Real property taxes collected in 2003 were levied in April on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, 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 2003, 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, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is 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, 2003, was \$4,859,432 for General Fund and \$1,116,340 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was \$3,263,620 for General Fund and \$696,419 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 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 2003 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$572,677,040
Public Utility Personal	11,230,160
Tangible Personal Property	<u>19,153,180</u>
Total	<u>\$603,060,380</u>

6. RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
Land	\$1,436,356	\$0	\$0	\$1,436,356
Buildings and Improvements	73,580,185	548,625	0	74,128,810
Equipment	<u>3,110,482</u>	<u>790,965</u>	<u>457,652</u>	<u>3,443,795</u>
Totals at Historical Cost	<u>\$78,127,023</u>	<u>\$1,339,590</u>	<u>\$457,652</u>	<u>\$79,008,961</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$24,272,057	\$1,482,576	\$0	\$25,754,633
Equipment	<u>2,042,298</u>	<u>309,012</u>	<u>457,652</u>	<u>1,893,658</u>
Total Accumulated Depreciation	<u>\$26,314,355</u>	<u>\$1,791,588</u>	<u>\$457,652</u>	<u>\$27,648,291</u>
Governmental Activities Capital Assets, Net	<u>\$51,812,668</u>	<u>(\$451,998)</u>	<u>\$0</u>	<u>\$51,360,670</u>

Business-Type Activities

Equipment	<u>\$610,720</u>	<u>\$35,050</u>	<u>\$4,000</u>	<u>\$641,770</u>
Total at Historical Cost	<u>\$610,720</u>	<u>\$35,050</u>	<u>\$4,000</u>	<u>\$641,770</u>
Less Accumulated Depreciation:				
Equipment	<u>\$364,048</u>	<u>\$51,710</u>	<u>\$4,000</u>	<u>\$411,758</u>
Total Accumulated Depreciation	<u>\$364,048</u>	<u>\$51,710</u>	<u>\$4,000</u>	<u>\$411,758</u>
Business-Type Activities				
Capital Assets, Net	<u>\$246,672</u>	<u>(\$16,660)</u>	<u>\$0</u>	<u>\$230,012</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$1,321,676
Special		44,477
Support Services:		
Pupil		640
Instructional Staff		17,165
School Administration		89,525
Fiscal		1,465
Business		407
Operations and Maintenance		59,623
Pupil Transportation		19,111
Central		<u>237,499</u>
Total Depreciation Expense		<u>\$1,791,588</u>

8. LONG-TERM LIABILITIES

	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
Governmental Activities:						
General Obligation Bonds and Notes Payable:						
Bond Issue 1999 4.84%	12/01/19	\$1,800,000	\$ 0	\$ 100,000	\$1,700,000	\$100,000
Bond Issue 1999 5.00%	12/01/24	38,390,734	0	1,920,000	36,470,734	2,175,000
Note Issue 2001 4.40%	05/01/04	1,057,000	0	0	1,057,000	1,057,000
Note Issue 2002 4.80%	12/01/17	304,000	0	13,000	291,000	13,000
Note Issue 2002 3.53%	05/01/04	<u>90,000</u>	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Total General Obligation Bonds and Notes Payable		41,641,734	0	2,033,000	39,608,734	3,435,000
Compensated Absences		2,453,126	110,007	0	2,563,133	38,782
Capital Leases		<u>1,294,548</u>	<u>0</u>	<u>147,325</u>	<u>1,147,223</u>	<u>155,657</u>
Total Governmental Activities Long-Term Liabilities		<u>\$45,389,408</u>	<u>\$110,007</u>	<u>\$2,180,325</u>	<u>\$43,319,090</u>	<u>\$3,629,439</u>

Business-Type Activities
Compensated Absences

\$0 \$3,511 \$0 \$3,511 \$0

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. Capital lease obligations will be paid from the general fund.

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

Fiscal Year Ending June 30,	General Obligation Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$2,275,000	\$1,817,203	\$4,092,203	\$1,160,000	\$60,102	\$1,220,102
2005	2,580,000	1,704,477	4,284,477	14,000	13,595	27,595
2006	2,905,000	1,576,428	4,481,428	15,000	12,873	27,873
2007	1,060,000	1,432,028	2,492,028	15,000	12,101	27,101
2008	1,220,000	1,389,378	2,609,378	16,000	11,279	27,279
2009-2013	5,445,734	9,548,146	14,993,880	95,000	42,955	137,955
2014-2018	9,915,000	4,483,348	14,398,348	123,000	15,961	138,961
2019-2023	8,135,000	2,461,900	10,596,900	0	0	0
2024-2025	<u>4,635,000</u>	<u>353,250</u>	<u>4,988,250</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$38,170,734</u>	<u>\$24,766,158</u>	<u>\$62,936,892</u>	<u>\$1,438,000</u>	<u>\$168,866</u>	<u>\$1,606,866</u>

9. LEASES

CAPITAL LEASES

The District has a capital lease for June 30, 2003 for a HVAC system.

The lease for the HVAC system meets the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments will be made from the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year Ending June 30,	Long-Term Debt
2004	\$215,016
2005	215,016
2006	215,016
2007	215,016
2008	215,016
2009	215,016
2010	<u>71,672</u>
Total Minimum Lease Payments	1,361,768
Less: Amount Representing Interest	<u>(214,545)</u>
Present Value of Minimum Lease Payments	<u>\$1,147,223</u>

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School 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 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$673,476, \$577,764, and \$561,666 respectively; 41.9% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

STATE TEACHERS RETIREMENT SYSTEM

The School 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, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. 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 School District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,982,736, \$1,814,868, and \$1,737,494 respectively; 82.9% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$637,308 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For the fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$410,820 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

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, 2003.

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 maintains 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. During the fiscal year, the District contracted with Indiana Insurance for property insurance, Nationwide for fleet insurance and Nationwide Insurance for liability insurance coverage. Coverages provided by the above companies are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$76,542,339
Automobile Liability	2,000,000
Uninsured Motorists (\$500 deductible)	2,000,000
General Liability	
Per occurrence	1,000,000
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. STATE SCHOOL FUNDING DECISION

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

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

17. COMPLIANCE AND 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
Disadvantaged Pupil Impact Aid	6,074
Title VI-B Preschool	4,710
Title VI	2,941

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.

The following funds had an excess of appropriations over estimated revenues plus beginning balance for the fiscal year ended June 30, 2003:

Original Budget

Special Revenue Fund:	
Public School Support	\$12,091
Auxiliary Services	96,270
Disadvantaged Pupil Impact Aid	11,066
Vocational Education	7,874
Safe School Hot Line	4,440
Title VI-B Preschool	145,355
Title VI	7,087
EHA Preschool	2,083
Capital Projects Fund:	
Permanent Improvement	50,000
SchoolNet	1,993

Final Budget

Special Revenue Fund:	
Auxiliary Services	28,077
Vocational Education	2,490
Title VI-B Preschool	2,192
Drug-Free Schools	3,097
Capital Projects Fund:	
Permanent Improvement	12,008

State statute requires all funds to have expenditures and encumbrances within approved appropriation limits. The following appropriation accounts had an excess of expenditures over appropriations for the fiscal year ended June 30, 2003, at the legal level of control.

Special Revenue Fund:	
Career Education	\$2,490
Management Information	8,550
Disadvantaged Pupil Impact Aid	34,940
SchoolNet Professional Development	308
Capital Projects Fund:	
Building	25,355

18. FUND BALANCE RESERVES FOR SET-ASIDES

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

For fiscal year ended June 30, 2003, 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, 2002	\$ 0	\$ 0	\$ 336,785
Current Year Set-aside Requirement	546,594	546,594	0
Qualified Disbursements	(928,719)	(300,621)	0
Current Year Offsets	<u>0</u>	<u>(245,973)</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,785</u>
Restricted Cash as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,785</u>
Carried Forward as of June 30, 2003	<u>(\$382,125)</u>		

Offset credits for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled \$928,719, resulting in \$382,125 for carryover to offset textbook requirements in future years.

19. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2003, consisted of the following individual fund receivables and payables:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$214,667	
Special Revenue Fund:		
Public School Support		\$90
Athletic		14,707
Career Education		568
Title VI-B Preschool		89,689
Title I		13,219
Title VI		21,391
Drug-Free Schools		3,199
EHA Preschool		9,420
Improving Teacher Quality		45,467
Continuous Improvement Grant		4,728
Enterprise Fund:		
Food Service	_____	12,189
	<u>\$214,667</u>	<u>\$214,667</u>

20. PRIOR YEAR DEFEASANCE OF DEBT

On April 1, 1999, the District issued \$43,140,734 in General Obligation Bonds with interest rates from 3.2% to 5.25% to advance refund \$13,145,000 of outstanding 1992 General Obligation Bonds with interest rates from 4.1% to 7.1%. The net proceeds were used to purchase U.S. Government Securities. Those Securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 general obligation bonds. As a result, the 1992 general obligation bonds are considered defeased and the liability for those bonds has been removed from the debt service fund. The amount of outstanding refunded debt at fiscal year-end was \$9,858,750.

**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, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$16,710,609	\$17,706,533	\$17,878,807	\$172,274
Tuition and Fees	711,336	423,690	761,064	337,374
Intergovernmental	11,522,625	11,860,562	12,328,143	467,581
Other Revenues	218,033	12,500	233,275	220,775
Total Revenues	29,162,603	30,003,285	31,201,289	1,198,004
Expenditures:				
Current:				
Instruction:				
Regular	13,031,931	13,592,504	13,337,988	254,516
Special	2,741,422	3,260,498	2,805,805	454,693
Vocational	234,240	235,563	239,741	(4,178)
Other	137,590	120,000	140,821	(20,821)
Support Services:				
Pupil	1,272,405	1,328,452	1,302,288	26,164
Instructional Staff	869,733	888,432	890,159	(1,727)
General Administration	167,863	208,287	171,805	36,482
School Administration	1,850,173	1,951,316	1,893,625	57,691
Fiscal	750,731	759,438	768,362	(8,924)
Business	158,018	158,940	161,729	(2,789)
Operations and Maintenance	3,060,644	2,760,948	3,132,524	(371,576)
Pupil Transportation	2,405,439	2,359,924	2,461,931	(102,007)
Central	815,242	921,581	834,388	87,193
Community Services	169,305	235,055	173,281	61,774
Extracurricular Activities	604,355	600,737	618,548	(17,811)
Debt Service:				
Principal Retirement	147,325	147,325	147,325	0
Interest and Fiscal Charges	66,120	69,416	71,133	(1,717)
Total Expenditures	28,482,536	29,598,416	29,151,453	446,963
Excess of Revenues Over (Under) Expenditures	680,067	404,869	2,049,836	1,644,967
Other financing sources (uses):				
Advances In	9,872	0	10,562	10,562
Advances (Out)	(193,496)	0	(198,040)	(198,040)
Transfers In	312,393	255,420	334,232	78,812
Transfers (Out)	(371,299)	(50,000)	(380,019)	(330,019)
Total Other Financing Sources (Uses)	(242,530)	205,420	(233,265)	(438,685)
Net Change in Fund Balance	437,537	610,289	1,816,571	1,206,282
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,348,537	5,348,537	5,348,537	0
Fund Balance End of Year	\$5,786,074	\$5,958,826	\$7,165,108	\$1,206,282

See accompanying notes to the required supplementary information.

LOVELAND CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2003

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 2003.

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	\$3,238,203
Net Adjustment for Revenue Accruals	(1,315,986)
Net Adjustment for Expenditure Accruals	(80,561)
Encumbrances	<u>(25,085)</u>
Budget Basis	<u>\$1,816,571</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

Loveland City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$425,239	\$1,810	\$427,049
Receivables:			
Accounts	29,717	0	29,717
Intergovernmental	558,966	0	558,966
Total Assets	1,013,922	1,810	1,015,732
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	14,587	0	14,587
Accrued Wages and Benefits	120,552	0	120,552
Interfund Payable	202,478	0	202,478
Deferred Revenue	371,864	0	371,864
Total Liabilities	709,481	0	709,481
Fund Balances:			
Reserved for Encumbrances	155,730	0	155,730
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	148,711	0	148,711
Capital Projects Funds	0	1,810	1,810
Total Fund Balances	304,441	1,810	306,251
Total Liabilities and Fund Balances	\$1,013,922	\$1,810	\$1,015,732

Loveland City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Investment Earnings	\$861	\$0	\$861
Intergovernmental	1,318,977	53,126	1,372,103
Extracurricular Activities	374,121	0	374,121
Other Revenues	19,978	0	19,978
Total Revenues	1,713,937	53,126	1,767,063
Expenditures:			
Current:			
Instruction:			
Regular	227,130	56,576	283,706
Special	306,654	0	306,654
Other	4,000	0	4,000
Support Services:			
Pupil	178,588	0	178,588
Instructional Staff	156,642	0	156,642
School Administration	32	0	32
Business	0	29,729	29,729
Pupil Transportation	0	399,322	399,322
Central	76,736	0	76,736
Community Services	434,213	0	434,213
Extracurricular Activities	361,420	0	361,420
Total Expenditures	1,745,415	485,627	2,231,042
Excess of Revenues Over (Under) Expenditures	(31,478)	(432,501)	(463,979)
Other Financing Sources (Uses):			
Transfers In	12,404	50,000	62,404
Transfers (Out)	(13,966)	0	(13,966)
Total Other Financing Sources (Uses)	(1,562)	50,000	48,438
Net Change in Fund Balance	(33,040)	(382,501)	(415,541)
Fund Balance Beginning of Year	337,481	384,311	721,792
Fund Balance End of Year	\$304,441	\$1,810	\$306,251

Loveland City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Public School Support	Learning Links	Venure Capital East	Athletic	Auxiliary Services
Assets:					
Equity in Pooled Cash and Investments	\$92,083	\$31,463	\$0	\$113,275	\$71,591
Receivables:					
Accounts	0	0	0	29,717	0
Intergovernmental	0	48,628	0	0	0
Total Assets	92,083	80,091	0	142,992	71,591
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	12,988
Accrued Wages and Benefits	0	0	0	0	32,646
Interfund Payable	90	0	0	14,707	0
Deferred Revenue	0	48,628	0	0	0
Total Liabilities	90	48,628	0	14,707	45,634
Fund Balances:					
Reserved for Encumbrances	2,816	0	0	4,871	58,603
Unreserved, Undesignated, Reported in: Special Revenue Funds	89,177	31,463	0	123,414	(32,646)
Total Fund Balances	91,993	31,463	0	128,285	25,957
Total Liabilities and Fund Balances	\$92,083	\$80,091	\$0	\$142,992	\$71,591

Career Education	Teacher Development	Management Information	School Building Incentive	Entry Year Program	American Sign Language	Disadvantaged Pupil Impact Aid
\$0	\$0	\$6,561	\$14,835	\$0	\$487	\$759
0	0	0	0	0	0	0
0	0	0	50,000	0	0	0
0	0	6,561	64,835	0	487	759
0	0	0	0	0	0	0
0	0	6,041	0	0	0	6,833
568	0	0	0	0	0	0
0	0	0	50,000	0	0	0
568	0	6,041	50,000	0	0	6,833
0	0	0	0	0	0	0
(568)	0	520	14,835	0	487	(6,074)
(568)	0	520	14,835	0	487	(6,074)
\$0	\$0	\$6,561	\$64,835	\$0	\$487	\$759

(continued)

Loveland City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Network Connectivity	School Net Professional Development	Ohio Reads	Summer Intervention	Vocational Education
Assets:					
Equity in Pooled Cash and Investments	\$0	\$3,242	\$0	\$0	\$0
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	6,000	0	0
Total Assets	0	3,242	6,000	0	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	6,000	0	0
Total Liabilities	0	0	6,000	0	0
Fund Balances:					
Reserved for Encumbrances	0	100	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	3,142	0	0	0
Total Fund Balances	0	3,242	0	0	0
Total Liabilities and Fund Balances	\$0	\$3,242	\$6,000	\$0	\$0

Safe School Hot Line	Eisenhower Grant	Title VI-B Preschool	Carl Perkins	Title I	Title VI	Drug Free Schools
\$0	\$0	\$24,028	\$0	\$15,567	\$8,099	\$4,878
0	0	0	0	0	0	0
0	14,495	315,579	0	13,218	35,434	16,007
0	14,495	339,607	0	28,785	43,533	20,885
0	0	1,599	0	0	0	0
0	0	27,139	0	12,128	11,040	0
0	0	89,689	0	13,219	21,391	3,199
0	14,495	225,890	0	0	14,043	12,808
0	14,495	344,317	0	25,347	46,474	16,007
0	0	22,428	0	15,565	8,100	4,877
0	0	(27,138)	0	(12,127)	(11,041)	1
0	0	(4,710)	0	3,438	(2,941)	4,878
\$0	\$14,495	\$339,607	\$0	\$28,785	\$43,533	\$20,885

(continued)

Loveland City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	EHA Preschool	Telecomm Act	Improving Teacher Quality	Continuous Improvement Grant	Total Nonmajor Special Revenue Funds
Assets:					
Equity in Pooled Cash and Investments	\$0	\$0	\$33,711	\$4,660	\$425,239
Receivables:					
Accounts	0	0	0	0	29,717
Intergovernmental	9,420	0	45,467	4,718	558,966
Total Assets	9,420	0	79,178	9,378	1,013,922
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	14,587
Accrued Wages and Benefits	0	0	24,725	0	120,552
Interfund Payable	9,420	0	45,467	4,728	202,478
Deferred Revenue	0	0	0	0	371,864
Total Liabilities	9,420	0	70,192	4,728	709,481
Fund Balances:					
Reserved for Encumbrances	0	0	33,711	4,659	155,730
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	0	(24,725)	(9)	148,711
Total Fund Balances	0	0	8,986	4,650	304,441
Total Liabilities and Fund Balances	\$9,420	\$0	\$79,178	\$9,378	\$1,013,922

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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, 2003

	Public School Support	Learning Links	Venue Capital East	Athletic	Auxiliary Services
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$861
Intergovernmental	0	21,245	0	0	400,018
Extracurricular Activities	176,067	0	0	198,054	0
Other Revenues	19,978	0	0	0	0
Total Revenues	196,045	21,245	0	198,054	400,879
Expenditures:					
Current:					
Instruction:					
Regular	0	13,997	1,634	0	0
Special	0	282	0	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	0	400	0	0	0
Instructional Staff	0	0	0	0	0
School Administration	0	0	0	0	0
Central	0	0	0	0	0
Community Services	0	0	0	0	410,904
Extracurricular Activities	233,971	0	0	127,449	0
Total Expenditures	233,971	14,679	1,634	127,449	410,904
Excess of Revenues Over (Under) Expenditures	(37,926)	6,566	(1,634)	70,605	(10,025)
Other Financing Sources (Uses):					
Transfers In	2,651	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	2,651	0	0	0	0
Net Change in Fund Balance	(35,275)	6,566	(1,634)	70,605	(10,025)
Fund Balance Beginning of Year	127,268	24,897	1,634	57,680	35,982
Fund Balance End of Year	\$91,993	\$31,463	\$0	\$128,285	\$25,957

Career Education	Teacher Development	Management Information	School Building Incentive	Entry Year Program	American Sign Language	Disadvantaged Pupil Impact Aid
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	15,111	0	4,000	0	25,946
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	15,111	0	4,000	0	25,946
2,491	0	0	345	8,615	0	0
0	0	0	0	0	0	35,269
0	0	0	0	4,000	0	0
0	0	0	0	0	0	0
0	1,027	0	0	0	0	0
0	0	0	0	0	0	0
0	0	36,329	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,491	1,027	36,329	345	12,615	0	35,269
(2,491)	(1,027)	(21,218)	(345)	(8,615)	0	(9,323)
0	0	0	0	0	0	9,753
0	0	0	0	0	0	0
0	0	0	0	0	0	9,753
(2,491)	(1,027)	(21,218)	(345)	(8,615)	0	430
1,923	1,027	21,738	15,180	8,615	487	(6,504)
(\$568)	\$0	\$520	\$14,835	\$0	\$487	(\$6,074)

(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, 2003

	Network Connectivity	School Net Professional Development	Ohio Reads	Summer Intervention	Vocational Education
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	21,000	8,050	4,000	0	5,384
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	21,000	8,050	4,000	0	5,384
Expenditures:					
Current:					
Instruction:					
Regular	0	0	0	16,469	5,384
Special	0	0	0	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	0	5,801	7,974	0	0
School Administration	0	0	0	0	0
Central	38,500	0	0	0	0
Community Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	38,500	5,801	7,974	16,469	5,384
Excess of Revenues Over (Under) Expenditures	(17,500)	2,249	(3,974)	(16,469)	0
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(17,500)	2,249	(3,974)	(16,469)	0
Fund Balance Beginning of Year	17,500	993	3,974	16,469	0
Fund Balance End of Year	\$0	\$3,242	\$0	\$0	\$0

Safe School Hot Line	Eisenhower Grant	Title VI-B Preschool	Carl Perkins	Title I	Title VI	Drug Free Schools
\$0	\$0	\$0	\$0	\$0	\$0	\$0
8,000	1,576	346,795	6,179	239,810	35,845	19,593
0	0	0	0	0	0	0
0	0	0	0	0	0	0
8,000	1,576	346,795	6,179	239,810	35,845	19,593
7,804	0	0	6,239	0	35,521	31,926
0	0	74,164	0	180,442	10,447	0
0	0	0	0	0	0	0
3,881	0	157,466	0	0	3,165	593
1,782	10,980	107,256	0	5,929	0	0
0	0	32	0	0	0	0
0	0	0	0	0	0	0
0	259	21,789	0	0	1,020	241
0	0	0	0	0	0	0
13,467	11,239	360,707	6,239	186,371	50,153	32,760
(5,467)	(9,663)	(13,912)	(60)	53,439	(14,308)	(13,167)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(5,467)	(9,663)	(13,912)	(60)	53,439	(14,308)	(13,167)
5,467	9,663	9,202	60	(50,001)	11,367	18,045
\$0	\$0	(\$4,710)	\$0	\$3,438	(\$2,941)	\$4,878

(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, 2003

	EHA Preschool	Telecomm Act	Improving Teacher Quality	Continuous Improvement Grant	Total Nonmajor Special Revenue Funds
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$861
Intergovernmental	13,083	4,238	112,059	27,045	1,318,977
Extracurricular Activities	0	0	0	0	374,121
Other Revenues	0	0	0	0	19,978
Total Revenues	13,083	4,238	112,059	27,045	1,713,937
Expenditures:					
Current:					
Instruction:					
Regular	0	0	96,705	0	227,130
Special	0	0	0	6,050	306,654
Other	0	0	0	0	4,000
Support Services:					
Pupil	13,083	0	0	0	178,588
Instructional Staff	0	0	6,368	9,525	156,642
School Administration	0	0	0	0	32
Central	0	0	0	1,907	76,736
Community Services	0	0	0	0	434,213
Extracurricular Activities	0	0	0	0	361,420
Total Expenditures	13,083	0	103,073	17,482	1,745,415
Excess of Revenues Over (Under) Expenditures	0	4,238	8,986	9,563	(31,478)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	12,404
Transfers (Out)	0	(13,966)	0	0	(13,966)
Total Other Financing Sources (Uses)	0	(13,966)	0	0	(1,562)
Net Change in Fund Balance	0	(9,728)	8,986	9,563	(33,040)
Fund Balance Beginning of Year	0	9,728	0	(4,913)	337,481
Fund Balance End of Year	\$0	\$0	\$8,986	\$4,650	\$304,441

Loveland City School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2003

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,810	\$0	\$0	\$1,810
Total Assets	<u>1,810</u>	<u>0</u>	<u>0</u>	<u>1,810</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated, Reported in: Capital Projects Funds	1,810	0	0	1,810
Total Fund Balances	<u>1,810</u>	<u>0</u>	<u>0</u>	<u>1,810</u>
Total Liabilities and Fund Balances	<u>\$1,810</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,810</u>

Loveland City School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2003

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:				
Intergovernmental	\$0	\$0	\$53,126	\$53,126
Total Revenues	0	0	53,126	53,126
Expenditures:				
Current:				
Instruction:				
Regular	0	0	56,576	56,576
Support Services:				
Business	0	29,729	0	29,729
Pupil Transportation	399,322	0	0	399,322
Total Expenditures	399,322	29,729	56,576	485,627
Excess of Revenues Over (Under) Expenditures	(399,322)	(29,729)	(3,450)	(432,501)
Other Financing Sources (Uses):				
Transfers In	50,000	0	0	50,000
Total Other Financing Sources (Uses)	50,000	0	0	50,000
Net Change in Fund Balance	(349,322)	(29,729)	(3,450)	(382,501)
Fund Balance Beginning of Year	351,132	29,729	3,450	384,311
Fund Balance End of Year	\$1,810	\$0	\$0	\$1,810

Loveland City School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2003

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$71,235	\$15,718	\$0	\$86,953
Total Assets	<u>\$71,235</u>	<u>\$15,718</u>	<u>\$0</u>	<u>\$86,953</u>
Liabilities:				
Accounts Payable	\$275	\$0	\$0	\$275
Other Liabilities	70,960	15,718	0	86,678
Total Liabilities	<u>\$71,235</u>	<u>\$15,718</u>	<u>\$0</u>	<u>\$86,953</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, 2003

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$176,896	\$175,300	\$176,067	\$767
Other Revenues	20,072	37,250	19,978	(17,272)
Total Revenues	196,968	212,550	196,045	(16,505)
Expenditures:				
Current:				
Extracurricular Activities	339,112	320,572	236,815	83,757
Total Expenditures	339,112	320,572	236,815	83,757
Excess of Revenues Over (Under) Expenditures	(142,144)	(108,022)	(40,770)	67,252
Other financing sources (uses):				
Advances In	368	0	366	366
Advances (Out)	(1)	0	(1)	(1)
Transfers In	2,664	0	2,652	2,652
Total Other Financing Sources (Uses)	3,031	0	3,017	3,017
Net Change in Fund Balance	(139,113)	(108,022)	(37,753)	70,269
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	127,022	127,022	127,022	0
Fund Balance End of Year	(\$12,091)	\$19,000	\$89,269	\$70,269

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, 2003

	Learning Links Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$27,400	\$21,245	\$21,245	\$0
Other Revenues	0	1,000	0	(1,000)
Total Revenues	27,400	22,245	21,245	(1,000)
Expenditures:				
Current:				
Instruction:				
Regular	22,551	31,984	13,997	17,987
Special	454	400	282	118
Support Services:				
Pupil	644	3,756	400	3,356
Instructional Staff	0	10,000	0	10,000
Total Expenditures	23,649	46,140	14,679	31,461
Net Change in Fund Balance	3,751	(23,895)	6,566	30,461
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,895	24,895	24,895	0
Fund Balance End of Year	\$28,646	\$1,000	\$31,461	\$30,461

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, 2003

	Venture Capital East Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$25,000	\$0	\$0	\$0
Total Revenues	25,000	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	1,634	1,634	1,634	0
Total Expenditures	1,634	1,634	1,634	0
Net Change in Fund Balance	23,366	(1,634)	(1,634)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,634	1,634	1,634	0
Fund Balance End of Year	\$25,000	\$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, 2003

	Athletic Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$110,000	\$145,175	\$168,337	\$23,162
Total Revenues	110,000	145,175	168,337	23,162
Expenditures:				
Current:				
Extracurricular Activities	132,909	149,775	141,919	7,856
Total Expenditures	132,909	149,775	141,919	7,856
Net Change in Fund Balance	(22,909)	(4,600)	26,418	31,018
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	81,986	81,986	81,986	0
Fund Balance End of Year	\$59,077	\$77,386	\$108,404	\$31,018

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, 2003

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$731	\$0	\$977	\$977
Intergovernmental	299,269	396,270	400,018	3,748
Total Revenues	300,000	396,270	400,995	4,725
Expenditures:				
Current:				
Community Services	471,173	499,250	475,898	23,352
Total Expenditures	471,173	499,250	475,898	23,352
Net Change in Fund Balance	(171,173)	(102,980)	(74,903)	28,077
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	74,903	74,903	74,903	0
Fund Balance End of Year	(\$96,270)	(\$28,077)	\$0	\$28,077

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, 2003

	Career Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,500	\$0	\$0	\$0
Total Revenues	2,500	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	2,490	(2,490)
Total Expenditures	0	0	2,490	(2,490)
Net Change in Fund Balance	2,500	0	(2,490)	(2,490)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,490	2,490	2,490	0
Fund Balance End of Year	\$4,990	\$2,490	\$0	(\$2,490)

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, 2003

	Teacher Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$16,000	\$0	\$0	\$0
Total Revenues	16,000	0	0	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	1,026	1,026	1,026	0
Total Expenditures	1,026	1,026	1,026	0
Net Change in Fund Balance	14,974	(1,026)	(1,026)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,026	1,026	1,026	0
Fund Balance End of Year	\$16,000	\$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, 2003

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$10,000	\$0	\$15,111	\$15,111
Total Revenues	10,000	0	15,111	15,111
Expenditures:				
Current:				
Support Services:				
Central	21,738	21,738	30,288	(8,550)
Total Expenditures	21,738	21,738	30,288	(8,550)
Net Change in Fund Balance	(11,738)	(21,738)	(15,177)	6,561
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,738	21,738	21,738	0
Fund Balance End of Year	\$10,000	\$0	\$6,561	\$6,561

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, 2003

	School Building Incentive Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	15,180	8,540	345	8,195
Support Services:				
Instructional Staff	0	6,640	0	6,640
Total Expenditures	15,180	15,180	345	14,835
Net Change in Fund Balance	(15,180)	(15,180)	(345)	14,835
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,180	15,180	15,180	0
Fund Balance End of Year	\$0	\$0	\$14,835	\$14,835

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, 2003

	Entry Year Program Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$28,000	\$4,000	\$4,000	\$0
Total Revenues	28,000	4,000	4,000	0
Expenditures:				
Current:				
Instruction:				
Regular	5,883	8,615	8,615	0
Other	2,732	4,000	4,000	0
Total Expenditures	8,615	12,615	12,615	0
Net Change in Fund Balance	19,385	(8,615)	(8,615)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,615	8,615	8,615	0
Fund Balance End of Year	\$28,000	\$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, 2003

	American Sign Language Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	486	486	0	486
Total Expenditures	486	486	0	486
Net Change in Fund Balance	(486)	(486)	0	486
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	486	486	486	0
Fund Balance End of Year	\$0	\$0	\$486	\$486

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, 2003

	Disadvantaged Pupil Impact Act Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$18,897	\$0	\$25,946	\$25,946
Total Revenues	18,897	0	25,946	25,946
Expenditures:				
Current:				
Instruction:				
Special	37,066	0	34,940	(34,940)
Total Expenditures	37,066	0	34,940	(34,940)
Excess of Revenues Over (Under) Expenditures	(18,169)	0	(8,994)	(8,994)
Other financing sources (uses):				
Transfers In	7,103	0	9,753	9,753
Total Other Financing Sources (Uses)	7,103	0	9,753	9,753
Net Change in Fund Balance	(11,066)	0	759	759
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$11,066)	\$0	\$759	\$759

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, 2003

	Network Connectivity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$21,000	\$21,000	\$0
Total Revenues	0	21,000	21,000	0
Expenditures:				
Current:				
Support Services:				
Central	17,500	38,500	38,500	0
Total Expenditures	17,500	38,500	38,500	0
Net Change in Fund Balance	(17,500)	(17,500)	(17,500)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,500	17,500	17,500	0
Fund Balance End of Year	\$0	\$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, 2003

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,600	\$8,050	\$3,450
Total Revenues	0	4,600	8,050	3,450
Expenditures:				
Current:				
Support Services:				
Instructional Staff	993	5,593	5,901	(308)
Total Expenditures	993	5,593	5,901	(308)
Net Change in Fund Balance	(993)	(993)	2,149	3,142
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	993	993	993	0
Fund Balance End of Year	\$0	\$0	\$3,142	\$3,142

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, 2003

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$2,000	\$4,000	\$4,000	\$0
Total Revenues	2,000	4,000	4,000	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	3,974	7,974	7,974	0
Total Expenditures	3,974	7,974	7,974	0
Net Change in Fund Balance	(1,974)	(3,974)	(3,974)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,974	3,974	3,974	0
Fund Balance End of Year	\$2,000	\$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, 2003

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$60,000	\$0	\$0	\$0
Total Revenues	60,000	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	16,468	16,468	16,468	0
Total Expenditures	16,468	16,468	16,468	0
Net Change in Fund Balance	43,532	(16,468)	(16,468)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,468	16,468	16,468	0
Fund Balance End of Year	\$60,000	\$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, 2003

	Vocational Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$5,384	\$5,384	\$0
Total Revenues	0	5,384	5,384	0
Expenditures:				
Current:				
Instruction:				
Regular	7,874	7,874	5,384	2,490
Total Expenditures	7,874	7,874	5,384	2,490
Net Change in Fund Balance	(7,874)	(2,490)	0	2,490
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$7,874)	(\$2,490)	\$0	\$2,490

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, 2003

	Safe School Hot Line Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,600	\$8,000	\$8,000	\$0
Total Revenues	3,600	8,000	8,000	0
Expenditures:				
Current:				
Instruction:				
Regular	7,804	7,804	7,804	0
Support Services:				
Pupil	3,882	3,882	3,882	0
Instructional Staff	1,782	1,782	1,782	0
Total Expenditures	13,468	13,468	13,468	0
Net Change in Fund Balance	(9,868)	(5,468)	(5,468)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,468	5,468	5,468	0
Fund Balance End of Year	(\$4,400)	\$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, 2003

	Eisenhower Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,000	\$1,610	\$1,576	(\$34)
Total Revenues	7,000	1,610	1,576	(34)
Expenditures:				
Current:				
Support Services:				
Instructional Staff	9,440	11,014	10,980	34
Community Services	222	258	258	0
Total Expenditures	9,662	11,272	11,238	34
Net Change in Fund Balance	(2,662)	(9,662)	(9,662)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,662	9,662	9,662	0
Fund Balance End of Year	\$7,000	\$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, 2003

	Title VI-B Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$150,768	\$364,350	\$274,661	(\$89,689)
Total Revenues	150,768	364,350	274,661	(89,689)
Expenditures:				
Current:				
Instruction:				
Special	68,400	74,288	72,095	2,193
Support Services:				
Pupil	150,297	158,417	158,417	0
Instructional Staff	108,715	114,588	114,588	0
School Administration	30	32	32	0
Community Services	24,127	25,431	25,431	0
Total Expenditures	351,569	372,756	370,563	2,193
Excess of Revenues Over (Under) Expenditures	(200,801)	(8,406)	(95,902)	(87,496)
Other financing sources (uses):				
Advances In	49,232	0	89,689	89,689
Total Other Financing Sources (Uses)	49,232	0	89,689	89,689
Net Change in Fund Balance	(151,569)	(8,406)	(6,213)	2,193
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,214	6,214	6,214	0
Fund Balance End of Year	(\$145,355)	(\$2,192)	\$1	\$2,193

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, 2003

	Carl Perkins Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,000	\$6,179	\$6,179	\$0
Total Revenues	7,000	6,179	6,179	0
Expenditures:				
Current:				
Instruction:				
Regular	6,239	6,239	6,239	0
Total Expenditures	6,239	6,239	6,239	0
Net Change in Fund Balance	761	(60)	(60)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	60	60	60	0
Fund Balance End of Year	\$821	\$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, 2003

	Title 1 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$311,811	\$239,810	\$226,592	(\$13,218)
Total Revenues	311,811	239,810	226,592	(13,218)
Expenditures:				
Current:				
Instruction:				
Special	233,350	233,350	233,350	0
Support Services:				
Instructional Staff	12,000	12,000	12,000	0
Total Expenditures	245,350	245,350	245,350	0
Excess of Revenues Over (Under) Expenditures	66,461	(5,540)	(18,758)	(13,218)
Other financing sources (uses):				
Advances In	18,189	0	13,218	13,218
Total Other Financing Sources (Uses)	18,189	0	13,218	13,218
Net Change in Fund Balance	84,650	(5,540)	(5,540)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,540	5,540	5,540	0
Fund Balance End of Year	\$90,190	\$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, 2003

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,661	\$35,845	\$14,454	(\$21,391)
Total Revenues	7,661	35,845	14,454	(21,391)
Expenditures:				
Current:				
Instruction:				
Regular	22,303	18,005	28,114	(10,109)
Special	8,288	20,479	10,447	10,032
Support Services:				
Pupil	2,856	3,600	3,600	0
Instructional Staff	317	400	400	0
Community Services	3,690	4,728	4,651	77
Total Expenditures	37,454	47,212	47,212	0
Excess of Revenues Over (Under) Expenditures	(29,793)	(11,367)	(32,758)	(21,391)
Other financing sources (uses):				
Advances In	11,339	0	21,391	21,391
Total Other Financing Sources (Uses)	11,339	0	21,391	21,391
Net Change in Fund Balance	(18,454)	(11,367)	(11,367)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,367	11,367	11,367	0
Fund Balance End of Year	(\$7,087)	\$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, 2003

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$10,873	\$19,593	\$16,395	(\$3,198)
Total Revenues	<u>10,873</u>	<u>19,593</u>	<u>16,395</u>	<u>(3,198)</u>
Expenditures:				
Current:				
Instruction:				
Regular	26,445	39,290	36,601	2,689
Support Services:				
Pupil	428	1,000	593	407
Community Services	321	444	444	0
Total Expenditures	<u>27,194</u>	<u>40,734</u>	<u>37,638</u>	<u>3,096</u>
Excess of Revenues Over (Under) Expenditures	<u>(16,321)</u>	<u>(21,141)</u>	<u>(21,243)</u>	<u>(102)</u>
Other financing sources (uses):				
Advances In	9,127	0	13,761	13,761
Advances (Out)	(7,631)	0	(10,562)	(10,562)
Total Other Financing Sources (Uses)	<u>1,496</u>	<u>0</u>	<u>3,199</u>	<u>3,199</u>
Net Change in Fund Balance	<u>(14,825)</u>	<u>(21,141)</u>	<u>(18,044)</u>	<u>3,097</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>18,044</u>	<u>18,044</u>	<u>18,044</u>	<u>0</u>
Fund Balance End of Year	<u>\$3,219</u>	<u>(\$3,097)</u>	<u>\$0</u>	<u>\$3,097</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, 2003

	EHA Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,080	\$13,083	\$3,663	(\$9,420)
Total Revenues	3,080	13,083	3,663	(9,420)
Expenditures:				
Current:				
Support Services:				
Pupil	13,083	13,083	13,083	0
Total Expenditures	13,083	13,083	13,083	0
Excess of Revenues Over (Under) Expenditures	(10,003)	0	(9,420)	(9,420)
Other financing sources (uses):				
Advances In	7,920	0	9,420	9,420
Total Other Financing Sources (Uses)	7,920	0	9,420	9,420
Net Change in Fund Balance	(2,083)	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$2,083)	\$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, 2003

	Telecomm Act Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,238	\$4,238	\$0
Total Revenues	0	4,238	4,238	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	4,238	4,238	0
Other financing sources (uses):				
Transfers (Out)	(9,728)	(13,966)	(13,966)	0
Total Other Financing Sources (Uses)	(9,728)	(13,966)	(13,966)	0
Net Change in Fund Balance	(9,728)	(9,728)	(9,728)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,728	9,728	9,728	0
Fund Balance End of Year	\$0	\$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, 2003

	Improving Teacher Quality Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$112,059	\$66,592	(\$45,467)
Total Revenues	0	112,059	66,592	(45,467)
Expenditures:				
Current:				
Instruction:				
Regular	0	100,000	100,000	0
Support Services:				
Instructional Staff	0	12,059	12,059	0
Total Expenditures	0	112,059	112,059	0
Excess of Revenues Over (Under) Expenditures	0	0	(45,467)	(45,467)
Other financing sources (uses):				
Advances In	0	0	45,467	45,467
Total Other Financing Sources (Uses)	0	0	45,467	45,467
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$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, 2003

	Continuous Improvement Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$17,330	\$27,054	\$22,327	(\$4,727)
Total Revenues	17,330	27,054	22,327	(4,727)
Expenditures:				
Current:				
Instruction:				
Special	9,013	20,488	20,488	0
Support Services:				
Instructional Staff	4,190	9,525	9,525	0
Central	2,888	6,566	6,566	0
Total Expenditures	16,091	36,579	36,579	0
Excess of Revenues Over (Under) Expenditures	1,239	(9,525)	(14,252)	(4,727)
Other financing sources (uses):				
Advances In	3,670	0	4,728	4,728
Total Other Financing Sources (Uses)	3,670	0	4,728	4,728
Net Change in Fund Balance	4,909	(9,525)	(9,524)	1
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,525	9,525	9,525	0
Fund Balance End of Year	\$14,434	\$0	\$1	\$1

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, 2003

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,525,994	\$3,503,558	\$3,767,867	\$264,309
Intergovernmental	459,503	481,939	491,023	9,084
Total Revenues	3,985,497	3,985,497	4,258,890	273,393
Expenditures:				
Current:				
Support Services:				
School Administration	5,113	5,113	5,113	0
Fiscal	48,147	48,150	48,150	0
Debt Service:				
Principal Retirement	2,033,000	2,033,000	2,033,000	0
Interest and Fiscal Charges	1,842,884	1,843,143	1,843,143	0
Total Expenditures	3,929,144	3,929,406	3,929,406	0
Net Change in Fund Balance	56,353	56,091	329,484	273,393
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,836,916	2,836,916	2,836,916	0
Fund Balance End of Year	\$2,893,269	\$2,893,007	\$3,166,400	\$273,393

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, 2003

	Permanent Improvement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Pupil Transportation	482,346	510,377	510,377	0
Capital Outlay	24,234	39,459	25,642	13,817
Total Expenditures	506,580	549,836	536,019	13,817
Excess of Revenues Over (Under) Expenditures	(506,580)	(549,836)	(536,019)	13,817
Other financing sources (uses):				
Transfers In	0	71,056	83,064	12,008
Transfers (Out)	(31,248)	(21,056)	(33,064)	(12,008)
Total Other Financing Sources (Uses)	(31,248)	50,000	50,000	0
Net Change in Fund Balance	(537,828)	(499,836)	(486,019)	13,817
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	487,828	487,828	487,828	0
Fund Balance End of Year	(\$50,000)	(\$12,008)	\$1,809	\$13,817

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, 2003

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Business	48,681	23,326	48,681	(25,355)
Capital Outlay	6,022	6,022	6,022	0
Total Expenditures	54,703	29,348	54,703	(25,355)
Net Change in Fund Balance	(54,703)	(29,348)	(54,703)	(25,355)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	54,703	54,703	54,703	0
Fund Balance End of Year	\$0	\$25,355	\$0	(\$25,355)

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, 2003

	SchoolNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$56,576	\$56,576	\$0
Total Revenues	0	56,576	56,576	0
Expenditures:				
Current:				
Instruction:				
Regular	1,993	56,576	56,576	0
Total Expenditures	1,993	56,576	56,576	0
Net Change in Fund Balance	(1,993)	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$1,993)	\$0	\$0	\$0

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**STATISTICAL
SECTION**

Loveland City School District
 General Fund Revenues By Source
 Last Ten Fiscal Years (1)

TABLE 1

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Taxes	\$7,129,802	\$7,694,423	\$8,439,958	\$10,821,052	\$10,862,965	\$13,883,486	\$13,171,221	\$15,235,977	\$17,202,208	\$19,474,619
Intergovernmental	5,662,888	5,954,048	6,271,122	6,353,117	7,209,493	8,221,555	8,522,170	10,013,853	11,779,910	12,328,143
Investment	84,795	153,450	174,446	123,289	243,418	279,688	152,556	65,787	78,926	379,650
Tuition and Fees	88,296	110,996	115,292	141,246	157,186	167,470	191,408	213,793	378,214	461,584
Other Revenues	16,718	51,778	39,811	68,263	137,581	63,119	127,832	142,154	25,430	218,073
Total Revenues	\$12,982,499	\$13,964,695	\$15,040,629	\$17,506,967	\$18,612,643	\$22,615,318	\$22,165,187	\$25,671,564	\$29,464,688	\$32,862,069

Source: Loveland City School District records

(1) Fiscal year 1997 is the first year reported on a GAAP basis.
 All prior fiscal years are reported on a cash basis.

Loveland City School District
General Fund Expenditures by Function
Last Ten Fiscal Years (1)

TABLE 2

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Regular Instruction	\$7,364,849	\$7,981,093	\$8,340,528	\$9,021,872	\$9,829,515	\$10,224,345	\$11,382,133	\$11,481,667	\$12,639,093	\$13,503,469
Special Instruction	648,731	898,543	1,050,389	1,266,618	1,554,854	1,703,951	1,782,590	2,024,874	2,452,330	2,857,529
Vocational Instruction	378,207	377,703	393,595	430,913	450,171	452,039	338,265	308,437	267,978	228,110
Other Instruction	0	0	0	0	0	27,102	81,895	114,394	106,411	140,821
Pupil	600,142	619,918	659,166	673,832	836,350	863,860	947,358	1,166,316	1,198,995	1,315,823
Instructional Staff	242,755	230,801	255,443	253,983	282,385	292,553	537,569	710,735	801,320	931,107
General Administration	27,189	25,996	36,752	38,980	52,313	68,693	71,143	75,350	129,904	167,305
School Administration	1,013,733	1,041,990	1,148,684	1,285,688	965,049	1,633,797	1,337,634	1,530,137	1,671,260	2,019,716
Fiscal	301,760	310,491	332,930	368,221	435,314	566,339	565,332	651,708	720,597	754,696
Business	197,873	175,215	190,881	238,900	240,643	331,390	158,147	142,304	153,372	168,539
Operations and Maintenance	1,191,198	1,279,369	1,490,321	1,455,882	1,833,557	1,970,441	1,950,989	2,337,937	2,741,794	3,126,398
Pupil Transportation	1,011,562	1,134,711	1,034,998	1,011,140	1,071,311	1,868,038	2,006,894	2,087,218	2,285,470	2,523,219
Central	46,575	86,429	127,575	394,136	282,408	228,734	505,591	486,114	757,203	833,589
Community Services	0	0	0	0	0	0	115,404	175,153	184,663	183,734
Extracurricular Activities	134,975	136,196	166,401	162,352	193,626	220,508	423,779	506,647	557,096	602,915
Capital Outlay	176	24,165	11,975	16,306	14,026	100	1,650,000	0	108,663	0
Debt Service	0	0	0	62,500	130,204	0	161,262	197,994	264,194	218,458
Total Expenditures	\$13,159,725	\$14,342,620	\$15,239,638	\$16,681,323	\$18,171,726	\$20,451,890	\$24,015,895	\$23,996,985	\$27,040,343	\$29,575,428

Source: Loveland City School District records

(1) Fiscal year 1997 is the first year reported on a GAAP basis.
All prior fiscal years are reported on a cash basis.

Loveland City School District
 Property Tax Levies and Collections - Real and Public Utility Property
 Last Ten Collection (Calendar) Years (1)

TABLE 3

Collection Year	Tax Levied (2)	Current Tax Collections (3)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent Of Total Collections To Levy	Outstanding Delinquent Taxes (4)	Percent of Outstanding Delinquent Taxes To Tax Levied
1994	\$6,627,090	\$6,206,817	93.66%	\$161,613	\$6,368,430	96.10%	\$268,256	4.05%
1995	7,078,351	6,693,896	94.57%	186,627	6,880,523	97.23%	207,529	2.93%
1996	7,115,710	6,755,499	94.94%	141,058	6,896,557	96.92%	230,110	3.23%
1997	13,036,017	12,525,568	96.08%	261,768	12,787,336	98.09%	310,211	2.38%
1998	13,486,817	13,060,591	96.84%	243,934	13,304,525	98.65%	364,283	2.70%
1999	16,966,396	16,131,988	95.08%	326,805	16,458,793	97.01%	556,871	3.28%
2000	18,442,065	17,421,821	94.47%	440,710	17,862,531	96.86%	469,069	2.54%
2001	22,353,756	21,277,501	95.19%	476,070	21,753,571	97.32%	617,681	2.76%
2002	22,900,683	20,633,779	90.10%	570,869	21,204,648	92.59%	618,233	2.70%
2003	24,064,622	22,877,552	95.07%	532,710	23,410,262	97.28%	588,981	2.45%

Source: Hamilton, Clermont, and Warren County Auditors.

- (1) Information from 1993 through 1996 was not available from the Clermont County Auditor, with the exception of Total Tax Collections.
- (2) Taxes levied and collected are presented on a cash basis.
- (3) State reimbursements of rollback and homestead exemptions are included.
- (4) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Loveland City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection (Calendar) Years (1)

TABLE 4

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	Ratio (2)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
1994	\$263,699,590	\$753,427,400	\$10,340,831	\$41,363,324	\$13,827,710	\$17,284,637	\$287,868,131	\$812,075,361	35.45%
1995	288,692,490	824,835,685	14,122,218	56,488,872	14,750,130	18,437,662	317,564,838	899,762,219	35.29%
1996	310,977,660	888,507,600	16,932,573	67,730,292	15,283,010	19,103,762	343,193,243	975,341,654	35.19%
1997	359,013,820	1,025,753,771	18,125,788	72,503,152	16,151,890	20,189,862	393,291,498	1,118,446,785	35.16%
1998 (3)	376,071,340	1,074,489,542	17,956,915	71,827,660	15,568,740	19,460,925	409,596,995	1,165,778,127	35.14%
1999	404,859,700	1,156,742,000	18,737,560	74,950,240	21,983,070	27,478,837	445,580,330	1,259,171,077	35.39%
2000	473,423,150	1,352,637,572	18,492,899	73,971,596	16,213,910	20,762,873	508,129,959	1,447,372,041	35.11%
2001	493,750,330	1,410,715,228	19,102,170	76,408,680	15,183,670	19,474,716	528,036,170	1,506,598,624	35.05%
2002	513,115,990	1,466,045,685	16,917,640	67,670,560	10,635,170	13,654,969	540,668,800	1,547,371,214	34.94%
2003	572,677,040	1,636,220,114	19,153,180	57,994,537	11,230,160	23,669,011	603,060,380	1,717,883,662	35.10%

Source: Hamilton, Clermont and Warren County Auditors.

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

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

(3) Information for 1998 was not available from Warren County. The 1998 values include only Hamilton County and Clermont County.

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

TABLE 5

Entity	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Loveland City School District	\$70.14	\$70.14	\$69.99	\$63.56	\$64.21	\$59.38	\$60.14	\$55.44	\$56.13	\$56.69
Hamilton County	21.87	21.47	19.92	20.83	19.54	19.01	19.44	18.30	18.30	18.33
City of Loveland	12.00	12.00	9.76	9.78	10.00	10.00	10.00	10.00	10.00	10.00
Symmes Township	13.45	11.75	11.75	11.75	11.90	11.00	11.00	11.00	11.00	10.30
Great Oaks Joint Vocational School	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Warren County	6.53	4.00	4.00	4.00	4.75	5.00	5.00	6.57	6.57	7.10
Clermont County	8.6	9.35	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Goshen Township	21.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Miami Township	22.11	22.11	22.11	22.11	22.11	22.11	22.11	18.60	17.10	17.10

Source: Hamilton, Clermont and Warren County Auditors.

TABLE 6

Loveland City School District
 Ratio of Net General Bonded Debt (Including Notes) to Assessed Value
 And Net Bonded Debt Per Capita
 Last Ten (Calendar) Years

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (Including Notes)	Less Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
1994	9,930	\$287,868,131	\$16,155,000	\$620,225	\$15,534,775	5.40%	\$1,564
1995	12,882	317,564,838	15,780,000	813,275	14,966,725	4.71%	1,162
1996	12,882	343,193,243	15,110,000	1,010,680	14,099,320	4.11%	1,094
1997	12,882	400,291,498	14,365,000	1,459,936	12,905,064	3.22%	1,002
1998 (4)	12,882	409,596,995	13,683,000	1,476,129	12,206,871	2.98%	948
1999	12,882	445,580,330	45,140,734	23,311,701	21,829,033	4.90%	1,695
2000	12,882	508,129,959	43,520,734	3,153,135	40,367,599	7.94%	3,134
2001	11,677	528,036,170	41,965,734	3,328,936	38,636,798	7.32%	3,309
2002	11,677	540,668,800	41,551,734	3,533,335	38,018,399	7.03%	3,256
2003	11,677	603,060,380	39,608,734	4,282,740	35,325,994	5.86%	3,025

Sources:

- (1) Estimates provided by the City of Loveland based on Census data. Data is included for the entire City of Loveland, information specific to the school district boundaries could not be obtained.
- (2) Hamilton, Clermont and Warren County Auditors, calendar year basis.
- (3) Fiscal Year 1997 is the first year reported on a GAAP basis. All prior years are reported on a cash basis.
- (4) Information for 1998 was not available from Warren County. The 1998 values include only Hamilton County and Clermont County.

Assessed Valuation of District		<u>\$603,060,380</u>
 <u>Overall Direct Debt Limitation</u>		
Direct debt limitation		
9% of assessed valuation		\$54,275,434
Amount available in Debt Service Fund		4,282,740
Gross indebtedness	\$39,608,734	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 9% limitation		<u>(39,608,734)</u>
Legal debt margin within 9% limitation		<u>\$18,949,440</u>
 <u>Unvoted Direct Debt Limitation</u>		
Unvoted debt limitation		
0.1% of assessed valuation		\$603,060
Amount available in Debt Service Fund related to unvoted debt		0
Gross indebtedness authorized by the Board	0	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$603,060</u>
 <u>Energy Conservation Bond Limitation</u>		
Ohio Revised Code Section 133.042		
Debt limitation		
0.9% of assessed valuation		\$5,427,543
Energy conservation notes authorized by the Board		<u>0</u>
Legal debt margin within 0.9% limitation		<u>\$5,427,543</u>

Source: Loveland City School District records.

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District (1)</u>	<u>Amount Applicable to District</u>
Direct:			
Loveland City School District	<u>\$38,170,734</u>	100.00%	<u>\$38,170,734</u>
Overlapping:			
Clermont County	\$19,468,000	7.29%	\$1,419,217
Hamilton County	130,790,000	1.75%	2,288,825
Warren County	4,010,870	0.18%	7,220
City of Loveland	5,470,000	89.63%	4,902,761
Goshen Township	100,000	6.11%	6,110
Miami Township	995,000	25.41%	252,830
Symmes Township	791,500	27.47%	217,425
Great Oaks Joint Vocational S/D	<u>6,240,000</u>	3.55%	<u>221,520</u>
Total overlapping:	<u>\$167,865,370</u>		<u>\$9,315,908</u>
Total direct and overlapping debt:	<u>\$206,036,104</u>		<u>\$47,486,642</u>

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

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

TABLE 9

Fiscal Year (1)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1994	\$1,683,439	\$13,159,725	12.79%
1995	1,672,886	14,342,620	11.66%
1996	1,661,161	15,239,638	10.90%
1997	1,648,069	16,681,323	9.88%
1998	1,493,226	18,171,726	8.22%
1999	1,536,542	20,410,282	7.53%
2000	3,662,997	24,015,895	15.25%
2001	3,545,493	23,996,985	14.77%
2002	3,703,508	27,040,343	13.70%
2003	3,876,143	29,575,428	13.11%

Source: Loveland City School District records.

(1) Fiscal Year 1997 is the first year reported on a GAAP basis.
 All prior fiscal years are reported on a cash basis.

Loveland City School District
 Demographic Statistics
 Last Ten Years

TABLE 10

	<u>1992-1994</u>	<u>1995-1999</u>	<u>2000-2003</u>
Population	9,930	12,882	11,677
Households	3,446	4,463	4,497
Average Household Income	\$44,876	\$54,299	*
Average Home Value	\$97,679	\$109,694	*
Population by Education			
Completed 4+ Years of College	1,485	1,693	*
Occupation			
White Collar Workers	3,729	4,214	*
Blue Collar Workers	1,268	1,458	*

Source: Estimates provided by the City of Loveland based on Census data.
 Data is for the City of Loveland. Data for the District only was not available.

* Information not available

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (2) (in Thousands)</u>	<u>Property Values (3)</u>
1994	\$13,613,000	\$15,290,052	\$263,699,590
1995	7,999,000	17,301,493	288,692,490
1996	11,834,000	18,661,138	310,977,660
1997	885,000	21,598,936	359,013,820
1998	10,797,000	18,070,437	376,071,340
1999	20,000,000	24,305,322	404,859,700
2000	15,000,000	41,302,569	508,129,959
2001	7,519,000	78,562,782	528,036,170
2002	4,000,000	133,726,320	540,668,800
2003	13,268,000	149,280,002	603,060,380

- Sources:
- (1) City of Loveland, Ohio.
 - (2) Total deposits of all banks headquartered in Hamilton County, Ohio. (includes national and state chartered banks.) Data was not available for the District only. Federal Reserve Bank, Cleveland.
 - (3) Hamilton, Clermont and Warren County Auditors, calendar year basis. Real property assessed values.

Loveland City School District
 Real Property
 Top Ten Principal Taxpayers
 June 30, 2003

TABLE 12

<u>Name of Taxpayer</u>	<u>Real Property</u>	<u>% of Total Assessed Valuation</u>
CINERGY	\$4,154,150	0.69%
Arrowhead Apartments Ltd.	3,545,570	0.59%
Clermont Golf Ltd.	2,832,230	0.47%
Zicka Properties	2,080,450	0.34%
Deer Ridge Partners Ltd	1,887,100	0.31%
Loveland-Pierce Ltd	1,678,360	0.28%
Cincinnati Bell	1,452,110	0.24%
Shoppers Haven Partnership	1,238,590	0.21%
Loveland Properties	1,097,690	0.18%
Kossmann-Loveland-Madara	<u>1,029,980</u>	<u>0.18%</u>
	<u>\$20,996,230</u>	<u>3.49%</u>

Source: Hamilton, Clermont and Warren County Auditors.

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2002-03	416	312	302	305	326	355	317	344	313	285	298	326	276	4,175
The following are projections:														
2003-04	362	299	308	299	316	317	359	325	357	327	295	290	273	4,127
2004-05	361	298	290	309	316	321	325	360	334	357	333	284	271	4,159
2005-06	360	297	289	291	327	321	329	325	371	335	365	321	266	4,197
2006-07	358	296	288	291	308	332	329	330	335	372	342	351	300	4,232
2007-08	357	295	288	290	307	313	340	330	339	336	379	329	329	4,232
2008-09	355	295	290	288	290	303	310	342	332	335	335	375	320	4,170
2009-10	350	352	291	285	284	285	298	305	337	324	310	330	369	4,140
2010-11	355	290	295	291	285	285	285	285	290	300	310	320	330	3,921
2011-12	331	283	281	289	288	298	305	314	332	340	348	335	306	4,070
2012-13	330	270	280	280	290	290	295	300	330	330	340	340	330	4,005

Source: Loveland City School District records.

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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
APRIL 6, 2004**