



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster						
School Breakfast Program	05-PU	10.553	\$256,558	\$0	\$256,558	\$0
National School Lunch Program	LL-P4	10.555	402,411	0	402,411	0
Summer Food Program	23-PU & 24-PU	10.559	54,331	0	54,331	0
Total Child Nutrition Cluster			<u>713,300</u>	<u>0</u>	<u>713,300</u>	<u>0</u>
Food Distribution Program	N/A	10.550	0	26,246	0	26,246
Total U.S. Department of Agriculture			<u>713,300</u>	<u>26,246</u>	<u>713,300</u>	<u>26,246</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (Title VI-B)	6B-SF	84.027	672,449	0	635,684	0
IDEA Preschool Grant	PG-S1	84.173	19,524	0	18,011	0
Total Special Education Cluster			<u>691,973</u>	<u>0</u>	<u>653,695</u>	<u>0</u>
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	555,529	0	506,776	0
Safe and Drug Free Schools	DR-S1	84.186	13,868	0	13,660	0
Vocational Ed. Basic Grants to State (Carl Perkins)	20-C1	84.048	7,671	0	6,748	0
Advanced Placement Program	AVTF	84.330	416	0	416	0
Title III - LEP	T3-S1	84.365	24,488	0	23,541	0
Title VI -- Innovative Education Program Strategies	C2-S1	84.298	12,887	0	13,516	0
Title II-D - Technology Literacy Challenge Fund Grants	TJ-S1	84.318	6,462	0	11,858	0
Improving Teacher Quality	TR-S1	84.367	142,657	0	165,650	0
<i>Passed Through Cincinnati Public School District</i>						
Grants to Local Educational Agencies (Title I)	n/a	84.010	4,625	0	0	0
Total U.S. Department of Education			<u>1,460,576</u>	<u>0</u>	<u>1,395,860</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Title XIX - Medical Assistance (CAFS)	nn-n1	93.778	40,338	0	40,338	0
Title XXI - SCHIP	nn-n2	93.767	3,492	0	3,492	0
Total U.S. Department of Health & Human Services			<u>43,830</u>	<u>0</u>	<u>43,830</u>	<u>0</u>
Totals			<u>\$2,217,706</u>	<u>\$26,246</u>	<u>\$2,152,990</u>	<u>\$26,246</u>

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

**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION PROGRAM

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

NOTE C – CHILD NUTRITION CLUSTER

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

NOTE D - MATCHING REQUIREMENTS

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



Auditor of State Betty Montgomery

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

Norwood City School District
Hamilton County
2132 Williams Avenue
Norwood, Ohio 45212

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwood City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 29, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 29, 2006, we reported other matters related to noncompliance we deemed immaterial.

Norwood City School District
Hamilton County
Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

December 29, 2006



Auditor of State Betty Montgomery

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

Norwood City School District
Hamilton County
2132 Williams Avenue
Norwood, Ohio 45212

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

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

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

Betty Montgomery
Auditor of State

December 29, 2006

**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster (CFDA # 10.553, 10.555, 10.559)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Failure to retain cash register tapes in the Food Service Department	Yes	

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*Comprehensive Annual
Financial Report*

*For the Fiscal Year Ended
June 30, 2006*

Expecting Excellence

NORWOOD, OHIO

**NORWOOD CITY SCHOOL DISTRICT
NORWOOD, OHIO**

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

Prepared by:
Treasurer's Office

Brian Rabe, Treasurer

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**NORWOOD CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2006**

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December 29, 2006

TO THE CITIZENS AND BOARD OF EDUCATION OF THE NORWOOD CITY SCHOOL DISTRICT:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Norwood City School District (District) for the fiscal year ended June 30, 2006. This report was prepared by the Treasurer's office, and contains financial statements, supplemental statements and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2005-06 fiscal year. Responsibility for the accuracy, completeness, and fairness of the report rests with the District. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and represents the District's continuing commitment to provide accurate financial information to the Board and the citizens of the Norwood City School District.

This report has been divided into three sections:

The Introductory Section includes this transmittal letter, a list of principal officials, the District organization chart, a list of consultants and advisors, and a map of the State of Ohio.

The Financial Section includes the unqualified opinion of our independent auditors, the Ohio Auditor of State, 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.

This report includes all funds of the District. The District provides a full range of traditional and non-traditional educational programs, services and facilities. These include elementary and secondary curriculum offerings at the general and college preparatory levels; a broad range of co-curricular and extra curricular activities; special education programs and facilities and community recreation facilities.

In addition to these general activities, the District acts as the fiscal agent for state funds distributed to non-public chartered schools located within the District boundaries. The District serves Holy Trinity and Norwood Christian Academy in this category. While these organizations are similar in operations and services provided, they are distinct and separate entities. These State subsidies are therefore presented as special revenue funds within this report.

ORGANIZATION OF THE DISTRICT

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

The current Board members, their terms and years on the Board as of June 30, 2006, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Rick Guy	Jan. 2004 - Dec. 2007	6-1/2
Ms. Carolyn Atwood	Jan. 2006 - Dec. 2009	4-1/2
Ms. Debora Gay	Jan. 2004 - Dec. 2007	6-1/2
Mr. Scott Faulkner	Jan. 2006 – Dec. 2009	½
Mr. Ken Miracle	Jan. 2006 – Dec. 2009	½

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Mr. Steve Collier was appointed Superintendent effective August 1, 2003 and his current contract expires July 31, 2010.

The Treasurer is the chief financial officer of the District and is directly responsible to the Board for all financial operations, investments, custody of all District funds and assets, and serves as Secretary to the Board. Mr. Brian Rabe was initially appointed Treasurer effective September 1, 2004, and his current contract will expire on December 31, 2010.

THE COMMUNITY

The District is located in Norwood, Ohio, Hamilton County, in a community located northeast of downtown Cincinnati. The city and District are surrounded by the City of Cincinnati. The District is conveniently located in the metropolitan Cincinnati area, with Interstate 71 at the eastern side of the city. The Norwood Lateral serves as a link between Interstate 71 and Interstate 75, and crosses the city on an east to west basis. Interstate 75, the most traveled interstate in the United States, is located approximately 1 mile to the west of Norwood. This access to major interstates is leading to an economic and housing renaissance in the City of Norwood.

The community is steadfastly committed to preserving its mature, small-town character within a major metropolitan area. The District operates four elementary schools (K-6), one middle school (7-8), and a high school (9-12).

The District enjoys strong community support. Families are attracted to the area because children are able to attend schools in their own neighborhood. All students of the District are within walking distance to the schools. Consequently, the District does not provide school bus service to its students served in its six instructional facilities with the exception of disabled students. The elementary and middle school buildings were built between the 1890's and 1920. The high school was constructed in 1972 with many modern conveniences desired in today's buildings. The buildings have been well maintained and updated. A strong emphasis on basic skills, small class sizes and dedicated staff members provide an environment conducive to learning.

ECONOMIC CONDITION AND OUTLOOK

Norwood was predominately a manufacturing city until the early 1980's when General Motors closed its plant located within the city and District. The community has evolved into a diverse mix of manufacturing, financial, service-oriented, retail and professional office types of businesses. This evolution has proven to steady Norwood's economy.

During the past year, the City of Norwood continued to pursue economic development, redevelopment and revitalization initiatives in spite of a slumping national and regional economy. The City of Norwood has experienced several successful office developments and efforts continued to expand the City's economic base with emphasis on office development.

The District lies in a built-out and landlocked community. Further economic development will occur due to redevelopment of existing sites. The District works closely with the economic development department at the City of Norwood to keep abreast of potential projects and to foster a relationship of joint benefit for the city and the District. The strategic location of the City along the Norwood Lateral, which links Interstates 71 and 75, will continue to make the community attractive for business relocation and continued commercial and retail development.

THE DISTRICT AND ITS FACILITIES

The District served approximately 2,600 students during the 2006 fiscal year in one senior high school (9-12), which was constructed in 1972; one middle school (7-8), constructed in 1914, with an addition in 1928; and the following elementary schools: Allison Street Elementary School (K-6), constructed in 1896, with additions in 1918 and 1933, Norwood View Elementary School (K-6), constructed in 1917, with an addition in 1954, Sharpsburg Elementary (K-6), constructed in 1911, and Williams Avenue Elementary School (PK-6) constructed in 1917, with an addition in 1950. The central administration is also housed in the same facility as Williams Avenue Elementary School

EMPLOYEE RELATIONS

The District currently employs approximately 319 full-time and part-time employees. The number of employees has been decreasing slightly due to a drop in enrollment. The enrollment has been dropping steadily for the past twenty years. It is projected the District's enrollment will decrease over the next 10 years.

The Norwood Teachers Association (NTA) represents the District teachers, educational specialists, tutors and counselors. A two-year agreement on language, salary and fringe benefits was ratified on June 21, 2006. The new agreement will expire on the day prior to school starting in 2008.

The District's classified employees consisting of food service workers, clerical staff, maintenance and educational aides are represented by Ohio Council 8, AFSCME 3136. A one-year agreement on language, salary and fringe benefits was ratified on March 17, 2005. The new agreement will expire on June 30, 2006. The District and Ohio Council 8, AFSCME 3136 are currently negotiating a two year contract to expire on the day prior to the school starting in 2008.

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 of accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and, (2) the valuation of cost and benefits requires estimates and judgments by management.

Federal and State Assistance

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are reviewed prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Financial Reporting

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

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements of the District include only governmental activities.

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

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

Management is responsible for preparing a Management Discussion and Analysis of the District. This discussion is located in the financial section of this report following the audit opinion, and provides an assessment of the District finances for 2006 and a discussion of current issues that affect the outlook for the future.

Cash Management

The District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in certificates of deposit, in the Ohio State Director of Finance and Business's Investment Pool (Star Ohio), U.S. Treasury Notes and Bonds, and US Treasury Bills. A more detailed description of the District's investment functions is provided in Note 2 to the financial statements.

Risk Management

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss and boiler and machinery coverage are purchased from insurance companies licensed to do business in the State of Ohio. The maximum deductible amount for this coverage is \$1,000 per loss incurred.

For fiscal year 2006, the District participated in the Ohio Association of School Business Officials Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 6). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice Inc. provided administrative, cost control and actuarial services to the GRP.

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The Ohio Auditor of State conducted the District's audit for fiscal year 2006. The Independent Accountants' Report on the District's basic financial statements, combining and individual fund statements and schedules is included in the financial section of this comprehensive annual financial report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to governmental units for the publication of a Comprehensive Annual Financial Report.

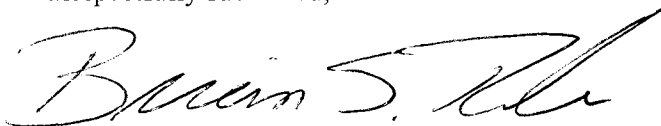
In order to be awarded a Certificate of Achievement for excellence in financial reporting a governmental unit must publish a Comprehensive Annual Financial Report, the contents of which are easily readable, efficiently organized and conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The District believes our current report conforms to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

Acknowledgments

The preparation of the 2006 comprehensive annual financial report of the Norwood City School District was made possible by the efforts of the Treasurer's office. The members of the Treasurer's office have my sincere gratitude for their professional, efficient and dedicated service.

Finally, without the support, commitment, and leadership of the Board of Education the preparation of this report would not have been possible.

Respectfully submitted,



Brian S. Rabe
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Norwood City School District
Ohio

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

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



President

Executive Director

**NORWOOD CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2006**

ELECTED OFFICIALS

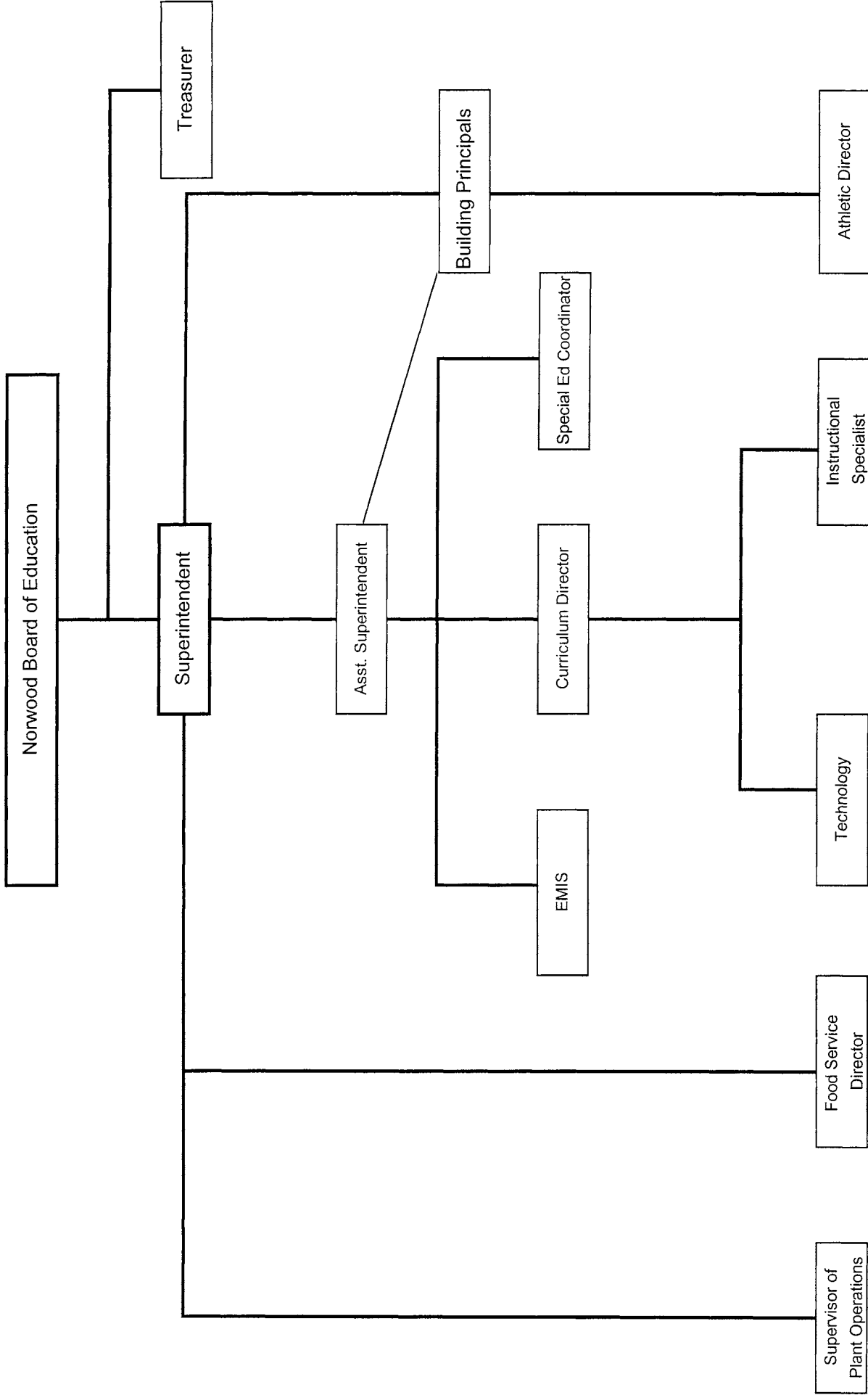
President, Board of Education	Rick Guy
Vice President, Board of Education	Debora Gay
Board Member	Carolyn Atwood
Board Member	Ken Miracle
Board Member	Scott Faulkner

ADMINISTRATIVE OFFICIALS

Superintendent	Steve L. Collier
Treasurer	Brian Rabe
Assistant Superintendent	Karla Berger
Director of Curriculum and Instruction	Kris Chesson
Director of Educational Management Information System	Amy Bowman
Supervisor of Special Education	Leslie Held
Director of Athletics	Jason Testerman
Director of Food Service	Stacia Perry
Supervisor of Plant Operations	James Helmecamp
High School Principal	Dr. Terri Holden
Middle School Principal	Matt Freeman
Allison Elementary Principal	Scott Counts
Norwood View Elementary Principal	Sandy White
Sharpsburg Elementary Principal.....	Brad Winterod
Williams Avenue Elementary.....	Dr. Kathy Winterman

Norwood City Schools Organizational Chart 2005-2006

File: CCA



**NORWOOD CITY SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
June 30, 2006**

Architects

Voorhis, Slone, Welsh and Crossland
414 Reading Road
Mason, OH 45040

Independent Auditor

Betty Montgomery
Auditor of State
88 East Broad Street
Columbus, OH 45215

Investment Advisor

Seasongood & Mayer
300 Mercantile Library Building
414 Walnut Street
Cincinnati, OH 45202

Official Depositories

Fifth Third Bank
Fountain Square Plaza
Cincinnati, OH 45202

Worker Compensation/Unemployment

Sheakley Uniservice, Inc.
100 Merchant Street, Suite 100
Cincinnati, OH 45246

Bond Counsel

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

Insurance Advisor

Horan & Associates
Montgomery Road
Cincinnati, OH

Legal Counsel

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

State Treasury Asset Reserve of Ohio
1228 Euclid Avenue
Cleveland, OH 44115



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F I N A N C I A L

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Norwood City School District
Hamilton County
2132 Williams Avenue
Norwood, Ohio 45212

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison for the General Fund are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Betty Montgomery
Auditor of State

December 29, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Norwood City School District for the year ended June 30, 2006. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2006 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$10.8 million. Of this amount, \$6.5 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- ✓ In total, net assets decreased by approximately \$265,000.
- ✓ The School District had \$27.7 million in expenses related to governmental activities; only \$4.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$23.0 million, made up primarily of property taxes and State Foundation payments, provided the majority of funding for these programs.
- ✓ The General Fund balance decreased by \$1.2 million from \$10.2 million at June 30, 2005 to \$9.0 million at June 30, 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business. The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

The governmental activities of the School District are principally supported through taxes and intergovernmental revenue, and include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities.

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

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

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2006 and 2005:

	Governmental Activities	
	<u>FY06</u>	<u>FY05</u>
Current and other assets	\$ 23,642,493	23,948,294
Capital assets	<u>7,452,046</u>	<u>7,056,193</u>
Total assets	<u>31,094,539</u>	<u>31,004,487</u>
Long-term liabilities outstanding	8,973,241	9,307,994
Other liabilities	<u>11,347,562</u>	<u>10,657,264</u>
Total liabilities	<u>20,320,803</u>	<u>19,965,258</u>
Net assets:		
Invested in capital assets, net of debt	2,401,750	2,050,568
Restricted:		
For capital purposes	1,415,302	1,707,357
Other purposes and scholarship	429,094	168,552
Unrestricted	<u>6,527,590</u>	<u>7,112,752</u>
Total net assets	<u>\$ 10,773,736</u>	<u>11,039,229</u>

A significant portion of the School District's net assets (22%) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net assets (\$6,527,590) may be used to meet the government's ongoing obligations to citizens and creditors.

In fiscal year 2006, the School District's cash decreased by about \$1.1 million. There are two reasons for this occurrence, the first being the School District has been in a negative spending over the past two fiscal years. The School District has been using its reserved cash balance to meet general obligations. The second reason for the decrease in cash is the completion of several capital improvement projects at the high school, which has resulted in an increase in capital assets by about \$400,000. In calendar year 2005, all real property in Hamilton County, in which the School District resides, were reappraised by the County Auditor. The reappraisal increased real property values within the School District leading to an increase in taxes receivable by about \$700,000. The School District's long-term liabilities decreased as a result of principal payments made on the outstanding balance.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

B. Governmental Activities during fiscal year 2006

The following table presents a condensed summary of the School District's activities during fiscal year 2006 and 2005 and the resulting change in net assets:

	<u>FY06</u>	<u>FY05</u>
Revenues:		
Program revenues:		
Charges for services and sales	\$ 585,997	553,288
Operating grants and contributions	3,835,786	3,465,770
Capital grants and contributions	<u>-</u>	<u>24,150</u>
Total program revenues	<u>4,421,783</u>	<u>4,043,208</u>
General revenues:		
Property taxes	13,746,864	15,182,526
Grants and entitlements	8,294,393	8,687,111
Investment earnings	534,763	384,816
Miscellaneous	<u>433,849</u>	<u>282,593</u>
Total general revenues	<u>23,009,869</u>	<u>24,537,046</u>
Total revenues	<u>27,431,652</u>	<u>28,580,254</u>
Expenses:		
Instruction	16,209,725	16,463,319
Support services:		
Pupil	1,664,399	1,562,969
Instructional staff	1,430,967	1,506,496
Board of Education	18,167	42,542
Administration	1,909,164	1,899,765
Fiscal	650,547	624,657
Operation and maintenance of plant	2,719,032	2,880,753
Pupil transportation	393,358	401,789
Central	383,932	396,397
Non-instructional services	860,879	883,659
Interest on long-term debt	233,251	241,229
Food services	<u>1,223,724</u>	<u>1,147,156</u>
Total expenses	<u>27,697,145</u>	<u>28,050,731</u>
Change in net assets	\$ <u><u>(265,493)</u></u>	<u><u>529,523</u></u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

Of the total governmental activities revenues of \$27,431,652, \$4,421,783 (16%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 60% (\$13,746,864) comes from property tax levies and 36% (\$8,294,393) is from state funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

Grants and entitlements decreased and operating grants and contributions increased from the prior fiscal year as a result of a change in State funding due to HB 66. The School District has been experiencing a decline in enrollment over the past several years. Because school funding in the State of Ohio is based on student enrollment, the School District has been placed on a formula guarantee. The formula guarantee guarantees that the School District's funding from the State will not be less than it was in the prior fiscal year. The School District's State funding is comprised of restricted and unrestricted funds. HB 66 increased the amount of restricted funds from the State, which, in turn caused a decrease in unrestricted funds from the State. This change caused the decrease in grants and entitlements and the increase in operating grants and contributions.

The School District benefited from the Federal Reserve Board's numerous increases in short-term interest rates by increasing its investment earnings by close to \$150,000.

The School District experienced decrease in property taxes related to revenue recognition criteria. The amounts collected by the County Auditor and available for advances to the School District are recognized as revenue. The amount available for advance decreased at June 30, 2006 compared to the prior fiscal year. The amount can fluctuate from year to year based on a number of factors including the timing of mailing of tax bills by the County Auditor.

In fiscal year 2005 the School District offered an early retirement incentive to its certified staff. As a result of the incentive, the School District reduced its certified staff by seven positions for fiscal year 2006. The School District also made reductions to its department budgets. These cost saving measures resulted in a decrease in overall expenses by approximately \$350,000 compared to the prior fiscal year.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 16% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$16,209,725 but program revenue contributed to fund 6% of those costs. Thus, general revenues of \$15,207,464 were used to support the remainder of the instruction costs.

Governmental Activities

	<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$ 16,209,725	1,002,261	6%	15,207,464
Support services	9,169,566	1,832,179	20%	7,337,387
Non-instructional services	860,879	320,542	37%	540,337
Food service	1,223,724	1,266,801	104%	(43,077)
Interest on long-term debt	<u>233,251</u>	<u>-</u>	0%	<u>233,251</u>
Total	\$ <u>27,697,145</u>	<u>4,421,783</u>	<u>16%</u>	<u>23,275,362</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has two major governmental funds: the General Fund and Capital Projects Fund. Assets of these funds comprise \$22,798,746 (96%) of the total \$23,697,365 governmental funds assets.

General Fund. Fund balance at June 30, 2006 was \$9,013,916, including \$4,263,467 of unreserved balance, which represents 17% of expenditures for fiscal year 2006. The primary reasons for the decrease in the fund balance is a result of the School District being in a deficit spending situation over the past two years. The School District's revenues are increasing at a slower rate than inflation causing the School District to use its fund balance to meet general obligations.

Capital Projects Fund. Fund balance at June 30, 2006 was \$1,415,302. The General fund transferred \$25,000 to the capital projects fund to provide resources for improvements to school buildings. This fund has been used to upgrade the HVAC system at Norwood High School as well as other building improvements. At this time, no further building improvements are scheduled.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

GENERAL FUND BUDGETARY HIGHLIGHTS

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

In calendar year 2005, all real property in Hamilton County, in which the School District resides, was reappraised by the County Auditor. Original estimates, based on passed history, projected a 15% increase in property values. The actual increase in property values was 27%. This variance caused an increase in actual taxes received than what had originally been budgeted. Throughout the fiscal year, the Federal Reserve Board met on several occasions and each time raised the interest rate on short-term investments. This increase in short-term rates generated additional investment interest for the School District.

In fiscal year 2004 the School District borrowed money in order to do a number of building improvements. A number of these projects were delayed due to unforeseen circumstances. As a result, roughly half of the money borrowed has not been spent. The School District anticipated paying back the unspent balance in fiscal year 2006 and had budgeted for it accordingly. However, the School District was not able to do this because of several uncompleted projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2006, the School District had \$7,452,046 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was approximately 6%. See Note 5 to the financial statements for more detail.

Governmental Activities
Capital Assets at Year-End
(Net of Depreciation)

		<u>FY06</u>	<u>FY05</u>
Land	\$	567,609	524,809
Land improvements		13,514	5,898
Buildings and improvements		5,001,059	4,806,495
Furniture and equipment		312,394	267,719
Vehicles		20,158	43,797
Construction in progress		<u>1,537,312</u>	<u>1,407,475</u>
Total	\$	<u><u>7,452,046</u></u>	<u><u>7,056,193</u></u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2006
Unaudited

Major capital asset events during the current fiscal year included playgrounds being installed at three of the elementary buildings. A rubberized playground surface was installed at three of the elementary buildings. Repairs were made to the main water feed at the middle school. Final payments were made for repairs and improvements made to the high school that were completed in the prior fiscal year. Other capital assets include the upgrading of plumbing and electrical wiring in several buildings.

Debt

In the year ended June 30, 2006, the School District made its scheduled payments under two lease purchase agreements. The outstanding balance of these agreements is \$7,698,000 at June 30, 2006. See Note 10 to the financial statements.

ECONOMIC FACTORS

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property will begin being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunications property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts are to be reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out. For fiscal year 2006, tangible personal property taxes made up 23% of all revenues.

Construction of an office park complex was initiated in fiscal year 2006 on a previous vacant lot. The completion of the project will be completed in three phases. Phase one is expected to be completed in the Spring of 2007. The completion date of the remaining two phases has not yet been determined. The School District currently has an emergency levy that will expire at the end of calendar 2007. This levy generates \$1,758,000 in tax revenues for the School District. The School District will seek voter approval to renew this levy in fiscal year 2007.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Norwood City School District, 2132 Williams Avenue, Norwood, Ohio 45212.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 6,512,848
Cash and cash equivalents with fiscal agent	2,647,704
Receivables:	
Taxes	14,045,135
Accounts	232,147
Intergovernmental	139,614
Interest	47,439
Supplies inventory	17,606
Nondepreciable capital assets	2,104,921
Depreciable capital assets, net	<u>5,347,125</u>
Total assets	<u>31,094,539</u>
Liabilities:	
Accounts payable	306,875
Accrued wages and benefits	2,165,517
Pension obligation payable	543,035
Unearned revenue	8,332,135
Noncurrent liabilities:	
Due within one year	551,215
Due within more than one year	<u>8,422,026</u>
Total liabilities	<u>20,320,803</u>
Net Assets:	
Invested in capital assets, net of related debt	2,401,750
Restricted for:	
Capital projects	1,415,302
Other purposes	352,436
Scholarship:	
Nonexpendable	70,000
Expendable	6,658
Unrestricted	<u>6,527,590</u>
Total net assets	<u>\$ 10,773,736</u>

See accompanying notes to the basic financial statements.

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NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Activities
Year Ended June 30, 2006

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 12,346,514	61,599	303,013	\$ (11,981,902)
Special education	3,146,443	-	618,745	(2,527,698)
Other instruction	716,768	-	18,904	(697,864)
Support services:				
Pupil	1,664,399	-	1,601,921	(62,478)
Instructional staff	1,430,967	-	144,736	(1,286,231)
Board of Education	18,167	-	-	(18,167)
Administration	1,909,164	-	54,879	(1,854,285)
Fiscal	650,547	-	-	(650,547)
Operation and maintenance of plant	2,719,032	-	-	(2,719,032)
Pupil transportation	393,358	-	3,953	(389,405)
Central	383,932	-	26,690	(357,242)
Non-instructional services:				
Extracurricular activities	659,891	130,798	-	(529,093)
Community service	200,988	-	189,744	(11,244)
Food Service	1,223,724	393,600	873,201	43,077
Interest on long-term debt	233,251	-	-	(233,251)
Total Governmental Activities	\$ <u>27,697,145</u>	<u>585,997</u>	<u>3,835,786</u>	<u>(23,275,362)</u>

General Revenues:

Property taxes, levied for general purposes	13,746,864
Grants and entitlements not restricted to specific programs	8,294,393
Investment earnings	534,763
Miscellaneous	433,849
Total general revenues	<u>23,009,869</u>
Change in net assets	(265,493)
Net assets beginning of year	<u>11,039,229</u>
Net assets end of year	\$ <u><u>10,773,736</u></u>

See accompanying notes to the basic financial statements.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Balance Sheet
 Governmental Funds
 June 30, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 4,246,900	1,435,271	830,677	6,512,848
Cash and cash equivalents with fiscal agent	2,647,704	-	-	2,647,704
Receivables:				
Taxes	14,045,135	-	-	14,045,135
Accounts	226,228	-	5,919	232,147
Accrued interest	42,381	4,731	327	47,439
Intergovernmental	77,918	-	61,696	139,614
Supplies and inventory	17,606	-	-	17,606
Interfund receivable	54,872	-	-	54,872
Total assets	<u>21,358,744</u>	<u>1,440,002</u>	<u>898,619</u>	<u>23,697,365</u>
Liabilities:				
Accounts payable	274,937	24,700	7,238	306,875
Accrued wages and benefits	1,891,778	-	273,739	2,165,517
Pension obligation payable	510,455	-	32,580	543,035
Interfund payable	-	-	54,872	54,872
Compensated absences payable	104,216	-	-	104,216
Deferred revenue	9,563,442	-	61,696	9,625,138
Total liabilities	<u>12,344,828</u>	<u>24,700</u>	<u>430,125</u>	<u>12,799,653</u>
Fund Balances:				
Reserved for:				
Encumbrances	260,449	144,904	97,031	502,384
Property taxes	4,490,000	-	-	4,490,000
Unreserved, reported in:				
General Fund	4,263,467	-	-	4,263,467
Special Revenue Funds	-	-	294,805	294,805
Capital Projects Funds	-	1,270,398	-	1,270,398
Permanent Fund	-	-	76,658	76,658
Total fund balances	<u>9,013,916</u>	<u>1,415,302</u>	<u>468,494</u>	<u>10,897,712</u>
Total liabilities and fund balances	\$ <u>21,358,744</u>	<u>1,440,002</u>	<u>898,619</u>	<u>23,697,365</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2006

Total Governmental Fund Balances \$ 10,897,712

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. 7,452,046

Other long-term assets are not available to pay for current-period
 expenditures and therefore are not reported in the funds. 1,293,003

Long-term liabilities are not due and payable in the current period
 and therefore are not reported in the funds:

Compensated absences	1,171,025	
Lease-purchase agreement	<u>7,698,000</u>	
Total		<u>(8,869,025)</u>

Net Assets of Governmental Activities \$ 10,773,736

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,412,321	-	-	13,412,321
Tuition and fees	61,599	-	-	61,599
Interest	393,783	140,802	3,291	537,876
Charges for services	393,600	-	-	393,600
Intergovernmental	9,211,419	-	2,853,768	12,065,187
Other local revenues	311,364	-	237,578	548,942
Total revenues	<u>23,784,086</u>	<u>140,802</u>	<u>3,094,637</u>	<u>27,019,525</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,799,681	-	1,303,000	12,102,681
Special education	2,518,915	-	626,989	3,145,904
Other instruction	698,320	-	18,448	716,768
Support services:				
Pupil	1,280,010	-	384,089	1,664,099
Instructional staff	1,247,625	-	183,449	1,431,074
Board of Education	17,833	-	-	17,833
Administration	1,856,323	-	50,466	1,906,789
Fiscal	650,547	-	-	650,547
Operation and maintenance of plant	2,602,736	264,122	2,065	2,868,923
Pupil transportation	387,520	-	5,838	393,358
Central	310,893	-	73,039	383,932
Non-instructional services:				
Extracurricular activities	402,041	-	146,408	548,449
Community service	7,140	-	190,891	198,031
Food service	1,216,649	-	-	1,216,649
Capital outlay	522,496	35,196	-	557,692
Debt Service:				
Principal	225,000	76,000	-	301,000
Interest and fiscal charges	150,712	82,539	-	233,251
Total expenditures	<u>24,894,441</u>	<u>457,857</u>	<u>2,984,682</u>	<u>28,336,980</u>
Excess of revenues over (under) expenditures	<u>(1,110,355)</u>	<u>(317,055)</u>	<u>109,955</u>	<u>(1,317,455)</u>
Other financing sources (uses):				
Transfers in	-	25,000	40,000	65,000
Transfers out	(65,000)	-	-	(65,000)
Sale of assets	15,705	-	-	15,705
Total other financing sources (uses)	<u>(49,295)</u>	<u>25,000</u>	<u>40,000</u>	<u>15,705</u>
Net change in fund balance	(1,159,650)	(292,055)	149,955	(1,301,750)
Fund balance, beginning of year	10,173,566	1,707,357	318,539	12,199,462
Fund balance, end of year	\$ <u>9,013,916</u>	<u>1,415,302</u>	<u>468,494</u>	<u>10,897,712</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	(1,301,750)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay		785,615
Depreciation expense		(389,762)
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		301,000
<p>Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(57,018)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>396,422</u>
Change in Net Assets of Governmental Activities	\$	<u>(265,493)</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2006

		Private Purpose Trust	Agency Funds
ASSETS			
Equity in pooled cash and investments	\$	62,663	283,283
Accrued interest receivable		<u>331</u>	<u>-</u>
Total assets		<u><u>62,994</u></u>	<u><u>283,283</u></u>
LIABILITIES			
Due to student groups		-	20,427
Due to others		<u>-</u>	<u>262,856</u>
Total liabilities		<u><u>-</u></u>	<u><u>283,283</u></u>
NET ASSETS			
Held in trust for scholarships	\$	<u><u>62,994</u></u>	

See accompanying notes to the basic financial statements.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2006

		<u>Private- Purpose Trust Funds</u>
Additions:		
Contributions	\$	19,930
Interest		<u>3,444</u>
Total additions		<u>23,374</u>
Deductions:		
Community gifts, awards and scholarships		<u>33,756</u>
Total deductions		<u>33,756</u>
Change in net assets		(10,382)
Net assets, beginning of year		<u>73,376</u>
Net assets, end of year	\$	<u><u>62,994</u></u>

See accompanying notes to the basic financial statements.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Activities for Holy Trinity Parochial School are also included in the reporting entity to the extent that state legislation provides funding to this parochial school. The money is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with three organizations, two of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations include Southwest Ohio Computer Association, Great Oaks Institute of Technology and Career Development and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 11 and 12.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

B. Basis of Presentation

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

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

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

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

C. Fund Accounting

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition of capital assets or construction of major capital facilities.

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

D. Basis of Accounting

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

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

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

Deferred Revenue Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2006 which are intended to finance fiscal year 2007 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

E. Cash and Investments

Cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

During fiscal year 2006, the District's investments were limited to certificates of deposit, obligations of the US Treasury and other direct issuances of federal agencies, investment with Bayerische Hypd Und Verninsbank and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

The State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

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

F. Inventory

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

G. Capital Assets

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

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

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

Land improvements	10 years
Buildings and improvements	10-30 years
Equipment and furniture	3-5 years
Vehicles	5 years

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

H. Interfund Balances

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

I. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term notes, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

K. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicate that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances 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 statutes.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

L. Net Assets

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

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

M. Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. At year-end, \$1,345,737 of the School District's bank balance of \$1,466,240 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. ORC Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

The School District's investments at June 30, 2006 are as summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>	<u>Concentration of Credit Risk</u>
FHLB	\$ 1,809,254	0.54	21.9%
FNMA	1,122,277	0.48	13.6%
FHLMC	2,342,679	0.60	28.5%
Investment with Bayerische Hypd Und Verninsbank	2,647,704	n/a	32.1%
Star Ohio	317,006	n/a	3.8%
US Money Market Fund	7,597	n/a	0.1%
	<u>\$ 8,246,517</u>		<u>100.0%</u>

Credit Risk

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investment policy does not address concentration of credit risk. The School District's investments in FHLB, FNMA and FHLMC securities were rated AAA by Standard & Poor's and Aaa by Moody's. The School District's investments in the U.S. Money Market Funds were rated AAA by Standard & Poor's. Investments in STAR Ohio were rated AAAM by Standard & Poor's. The investment with Bayerische Hypd Und Verninsbank is not rated.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

Interest Rate Risk

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

3. PROPERTY TAXES

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available for advance can vary based on the date the tax bills are sent.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2006. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2006 was \$4,490,000 in the General Fund.

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

	<u>2005 Second- Half Collections</u>		<u>2006 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 296,648,330	79.84%	352,711,310	82.49%
Tangible Personal Property	<u>74,904,380</u>	20.16%	<u>74,862,200</u>	17.51%
Total Assessed Value	\$ <u>371,552,710</u>	100.00%	<u>427,573,510</u>	100.00%
Tax rate per \$1,000 of assessed valuation	\$53.78		\$51.45	

4. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$54,872 that consists of amounts due from non-major governmental funds. These interfund loans were made to provide operating capital. These amounts are eliminated in the governmental activities column of the statement of net assets.

During the year ended June 30, 2006, the General Fund made transfers of \$25,000 and \$40,000 to the Capital Projects Fund and non-major governmental funds, respectively. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

5. CAPITAL ASSETS

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

	Balance 7/1/05	Additions	Disposals	Balance 6/30/06
Governmental Activities				
Nondepreciable:				
Land	\$ 524,809	42,800	-	567,609
Construction in progress	1,407,475	289,320	(159,483)	1,537,312
Depreciable:				
Land improvements	10,097	8,800	-	18,897
Buildings and improvements	13,793,006	395,294	-	14,188,300
Vehicles	164,103	-	-	164,103
Equipment and furniture	3,629,657	208,884	-	3,838,541
Subtotal	<u>17,596,863</u>	<u>612,978</u>	<u>-</u>	<u>18,209,841</u>
Totals at historical cost	<u>19,529,147</u>	<u>945,098</u>	<u>(159,483)</u>	<u>20,314,762</u>
Less accumulated depreciation:				
Land improvements	4,199	1,184	-	5,383
Buildings and improvements	8,986,511	200,730	-	9,187,241
Vehicles	120,306	23,639	-	143,945
Equipment and furniture	3,361,938	164,209	-	3,526,147
Total accumulated depreciation	<u>12,472,954</u>	<u>389,762</u>	<u>-</u>	<u>12,862,716</u>
Capital assets, net	<u>\$ 7,056,193</u>	<u>555,336</u>	<u>(159,483)</u>	<u>7,452,046</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	192,410
Special		539
Support services:		
Pupil		300
Instructional staff		1,875
General administration		334
School administration		2,375
Operation and maintenance of plant		66,495
Community service		2,957
Extracurricular activities		115,402
Food service		<u>7,075</u>
Total depreciation expense	\$	<u>389,762</u>

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the School District contracted with Ohio School Plan for general liability insurance with a \$5,000,000 aggregate limit covering all employees and volunteers of the School District.

Ohio School Plan also provides property and fleet insurance and property holds a \$1,000 deductible and the maintenance vehicles have a \$500 deductible for comprehensive and collision and a \$1,000,000 limit per occurrence. The Ohio Farmer's Insurance Company maintains a \$20,000 performance bond for the Board President and Superintendent and maintains a \$100,000 public official bond for the Treasurer. Ohio School Plan maintains a \$10,000 employee dishonesty blanket bond for all employees.

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 12). The GRP is intended to reduce the School District's premium by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

7. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were approximately \$398,000, \$396,000, and \$376,000 respectively; 33% has been contributed for 2006 and 100% for fiscal years 2005 and 2004.

State Teachers Retirement System

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

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

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2006, 2005, and 2004 were approximately \$1,710,000, \$1,713,000 and \$1,666,000 respectively; 84% has been contributed for fiscal year 2006 and 100% for fiscal years 2005 and 2004. The unpaid contribution for fiscal year 2006 is recorded as a liability within the respective funds.

Social Security System

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

8. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2006, the board allocated employer contributions equal to 1.00% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$122,000 during fiscal year 2006. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.3 million at June 30, 2006. For the year ended June 30, 2006, net health care costs paid by STRS were \$254.8 million and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 3.42% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$35,800. 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.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 2006 were \$178.2 million and the target level was \$237.8 million. At June 30, 2006, SERS' net assets available for payment of health care benefits was \$267.5 million. SERS has approximately 58,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$138,000 during the 2006 fiscal year.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions and State laws. Eligible classified employees and administrators earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 sick days of leave for each year under contract. During regular employment, sick leave may be accumulated, up to a maximum of 250 days for teachers, 310 days for administrators and 260 days for classified. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 50 days for teachers, 60 days for administrators and 45 days for classified.

10. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2006 were as follows:

	Principal Outstanding 7/1/05	Additions	Reductions	Principal Outstanding 6/30/06	Amounts Due in One Year
<i>Governmental Activities:</i>					
Lease-purchase agreement	\$ 7,999,000	-	(301,000)	7,698,000	309,000
Compensated absences	1,308,994	242,232	(275,985)	1,275,241	242,215
Total	\$ 9,307,994	242,232	(576,985)	8,973,241	551,215

In the year ended June 30, 2003, the School District entered into a lease-purchase agreement for the renovation of Shea Stadium and the construction of a new track and synthetic field. The School District is leasing the improvements from Rickenbacker Port Authority. Rickenbacker Port Authority will retain title to the project during the lease term. Rickenbacker Port Authority has assigned National City Bank as trustee. National City Bank deposited \$3,048,000 with a fiscal agent for the renovation and construction. The renovations made to Shea Stadium have been completed. The School District makes annual principal payments with monthly interest payments to National City Bank. Interest rates are variable and can be converted to a fixed rate every 7 days. The lease is renewable annually and expires in 2031. The intention of the School District is to renew the lease annually.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

In the year ended June 30, 2004, the School District entered into a second similar lease purchase agreement for building renovations in the amount of \$5,564,000 which expires in 2023. These agreements are recorded in a manner similar to a capital lease payable. At year-end capital assets under these agreements have been capitalized in the amount of approximately \$6.0 million. At June 30, 2006, the fiscal agent is still holding \$2,647,704.

All general obligation debt is supported by the full faith and credit of the School District. Lease-purchase agreement payments will be made from the General Fund and Capital Projects Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$38,481,616 with an unvoted debt margin of \$427,574 at June 30, 2006.

The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2006:

	Year Ending <u>June 30</u>	
	2007	\$ 533,741
	2008	533,006
	2009	532,323
	2010	532,080
	2011	532,345
	2012-2016	2,654,913
	2017-2021	2,640,964
	2022-2026	1,521,539
	2027-2031	<u>778,966</u>
Minimum lease payments		10,259,877
Less amount representing interest		<u>2,561,877</u>
Present value of minimum lease payments		<u>\$ 7,698,000</u>

11. JOINTLY GOVERNED ORGANIZATIONS

The Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

Southwestern Ohio Computer Association

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

12. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

13. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

Litigation

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

14. REQUIRED SET-ASIDES

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2005	\$ (1,740,707)	-
Current year set-aside requirement	384,229	384,229
Less qualifying disbursements	<u>(701,978)</u>	<u>(1,640,829)</u>
Total	<u>(2,058,456)</u>	<u>(1,256,600)</u>
Balance carried to FY2007	<u>(2,058,456)</u>	-
Cash balance as of June 30, 2006	\$ <u>-</u>	<u>-</u>

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

The Ohio General Assembly eliminated the requirement for the budget stabilization reserve and effective April 10, 2001, the Board of Education could choose to eliminate the reserve with the exception of rebates received from the Bureau of Workers Compensation.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2006

15. DEFICIT FUND BALANCES

The following special revenue funds had deficit balances at June 30, 2006:

Vocational Education Enhancement	\$6,391
Ohio Reads Grants	\$3,246
Title III	\$9,710
Preschool	\$89
Teacher Quality	\$31,504
Miscellaneous Federal Grants	\$1,293

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Required Supplemental Information
 Schedule of Revenues, Expenditures and Changes in Fund
 Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund
 Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 13,191,309	13,656,321	13,656,321	-
Tuition and fees	41,500	44,229	44,229	-
Charges for services	400,000	393,600	393,600	-
Interest	205,000	205,363	358,324	152,961
Intergovernmental	9,100,000	9,115,451	9,120,795	5,344
Other local revenues	102,298	3,323,511	103,720	(3,219,791)
Total revenues	<u>23,040,107</u>	<u>26,738,475</u>	<u>23,676,989</u>	<u>(3,061,486)</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,900,000	10,897,429	10,955,910	(58,481)
Special education	2,700,000	2,667,059	2,615,331	51,728
Other instruction	700,000	698,941	698,320	621
Support services:				
Pupil	1,250,000	1,242,374	1,256,467	(14,093)
Instructional staff	1,175,000	1,214,789	1,216,377	(1,588)
Board of Education	32,725	31,519	33,887	(2,368)
Administration	1,900,000	1,879,693	1,857,230	22,463
Fiscal	650,000	637,086	645,621	(8,535)
Operation and maintenance of plant	2,680,000	5,812,475	2,706,514	3,105,961
Pupil transportation	450,000	461,782	440,383	21,399
Central	350,000	361,581	324,682	36,899
Non-instructional services:				
Community services	7,000	6,898	6,097	801
Food services	1,045,308	1,175,323	1,169,823	5,500
Extracurricular activities	375,000	149,358	394,352	(244,994)
Capital outlay	3,190,694	3,278,247	1,092,420	2,185,827
Total expenditures	<u>27,405,727</u>	<u>30,514,554</u>	<u>25,413,414</u>	<u>5,101,140</u>
Excess of revenues over expenditures	(4,365,620)	(3,776,079)	(1,736,425)	2,039,654
Other financing sources (uses):				
Transfers out	(65,000)	(65,000)	(65,000)	-
Advances in	400,000	530,912	530,912	-
Advances out	(500,000)	(473,689)	(538,093)	(64,404)
Other sources	60,000	62,115	62,464	349
Other uses	(220,000)	(220,000)	-	220,000
Total other financing sources (uses)	<u>(325,000)</u>	<u>(165,662)</u>	<u>(9,717)</u>	<u>155,945</u>
Net change in fund balance	(4,690,620)	(3,941,741)	(1,746,142)	2,195,599
Fund balance, beginning of year	7,304,441	7,304,441	7,304,441	
Prior year encumbrances appropriated	781,085	781,085	781,085	
Fund balance, end of year	\$ <u>3,394,906</u>	<u>4,143,785</u>	<u>6,339,384</u>	

See accompanying notes to required supplemental information.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information

Year Ended June 30, 2006

Note A Budgetary Basis of Accounting

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

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

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

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

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

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ (1,159,650)
Increase / (decrease):	
Due to revenues	(107,097)
Due to expenditures	16,413
Due to other sources (uses)	39,578
Due to encumbrances	<u>(535,386)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u>(1,746,142)</u>

NORWOOD CITY SCHOOL DISTRICT
COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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Nonmajor Governmental Funds

The Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

Public School Support:

To account for local revenue sources generated by individual school buildings. Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Local Grant:

To account for monies for grant monies provided from local organizations, foundations or charities for a particular purpose or activity.

District Managed Student Activity:

To account for those student activity programs which have student participation in the activity but do not have student management in the programs.

Auxiliary Service:

To account for monies which provide services and materials to pupils attending non-public schools within the District's boundaries. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the District, as directed by the non-public school.

Poverty Based Assistance:

To account for state funds which are designated to assist economically disadvantaged children in the learning process.

Educational Management Information System:

To account for expenditures made in conjunction with the implementation of a system to gather student, staff and financial information to comply with Senate Bill 140.

Disadvantaged Pupil Impact Aid (DPIA):

This fund accounts for monies which are provided for the improvement of the educational and cultural status of economically disadvantaged students.

Data Connectivity:

A fund to account for money appropriated for Ohio Educational Computer Network Connections.

SchoolNet Trainers:

To account for a state subsidy designed to provide professional development in the area of technology.

**Nonmajor Governmental Funds
(Continued)**

Ohio Reads:

This fund accounts for state monies and operating expenditures associated with the administering the Ohio Reads Program. The program is intended to improve reading outcomes, particularly on the fourth grade proficiency test.

Summer Intervention:

To account for a state subsidy designed to provide intervention assistance to students who have not successfully completed the 4th, 6th or 9th grade proficiency test.

Vocational Education Enhancement:

To account for state grant for vocational education.

Miscellaneous State Grants:

This fund accounts for various monies received from State agencies which are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

Adult Basic Learning Education (ABLE):

To account for federal funds used to provide opportunities for adults to obtain the general equivalent diploma (GED).

Erate:

To account for funds to be used for telecommunications.

Title VI-B:

To account for funds used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Carl Perkins:

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

Title III:

To account for federal funds provided for students whose native language is not English.

Nonmajor Governmental Funds (Continued)

Title I:

To account for federal funds whose purpose is to provide financial assistance to enable state and local educational agencies to meet the special needs of educationally deprived children.

Title VI:

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

Drug Free Schools:

To account for federal funds used to implement programs to educate and encourage students to live their lives free of drug dependency.

Preschool:

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

Teacher Quality:

To account for federal funds designed to reduce class sizes in grades 1-3, so that the pupil to teacher ratio is reduced.

Miscellaneous Federal Grants:

This fund accounts for various federal projects not specified by a particular fund. Each project is maintained in a specific cost center.

Entry Year Teachers:

To account for state monies provided to support training programs for beginning teachers.

Capital Projects Fund – School Net:

Used to account for a state grant to purchase technology used for instructional purposes.

Permanent Fund:

The District records the activity of a trust fund in a Permanent Fund which is used to account for monies set aside as an investment for public school purposes. The income from the Permanent Fund may be expended, but the principal must remain intact.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects <u>School Net</u>	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 754,346	-	76,331	830,677
Net receivables:				
Accounts	5,919	-	-	5,919
Intergovernmental	61,696	-	-	61,696
Accrued interest	-	-	327	327
Total assets	<u>821,961</u>	<u>-</u>	<u>76,658</u>	<u>898,619</u>
Liabilities:				
Accounts payable	7,238	-	-	7,238
Accrued wages and benefits	273,739	-	-	273,739
Pension obligation payable	32,580	-	-	32,580
Deferred revenue	61,696	-	-	61,696
Interfund loans payable	54,872	-	-	54,872
Total liabilities	<u>430,125</u>	<u>-</u>	<u>-</u>	<u>430,125</u>
Fund Balances:				
Reserved for:				
Encumbrances	97,031	-	-	97,031
Unreserved, reported in:				
Special Revenue Funds	294,805	-	-	294,805
Permanent Fund	-	-	76,658	76,658
Total fund balances	<u>391,836</u>	<u>-</u>	<u>76,658</u>	<u>468,494</u>
Total liabilities and fund balances	<u>\$ 821,961</u>	<u>-</u>	<u>76,658</u>	<u>898,619</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Nonmajor Governmental Funds

Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Project School Net	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Interest	\$ 80	-	3,211	3,291
Intergovernmental	2,853,768	-	-	2,853,768
Other local revenues	237,578	-	-	237,578
Total revenues	<u>3,091,426</u>	<u>-</u>	<u>3,211</u>	<u>3,094,637</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,300,930	2,070	-	1,303,000
Special	626,989	-	-	626,989
Other	18,448	-	-	18,448
Support services:				
Pupil	384,089	-	-	384,089
Instructional staff	183,449	-	-	183,449
School administration	50,466	-	-	50,466
Operations and maintenance	2,065	-	-	2,065
Pupil transportation	5,838	-	-	5,838
Central	73,039	-	-	73,039
Community services	188,706	-	2,185	190,891
Non-instructional services:				
Extracurricular activities	146,408	-	-	146,408
Total expenditures	<u>2,980,427</u>	<u>2,070</u>	<u>2,185</u>	<u>2,984,682</u>
Excess of revenues over (under) expenditures	<u>110,999</u>	<u>(2,070)</u>	<u>1,026</u>	<u>109,955</u>
Other financing sources (uses):				
Transfers in	40,000	-	-	40,000
Net change in fund balances	150,999	(2,070)	1,026	149,955
Fund balance, beginning of year	240,837	2,070	75,632	318,539
Fund balance, end of year	<u>\$ 391,836</u>	<u>-</u>	<u>76,658</u>	<u>468,494</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Public School Support	Local Grant	District Managed Student Activity	Auxiliary Service	Poverty Based Assistance
Assets:					
Equity in pooled cash and investments	\$ 44,232	17,792	20,262	77,550	396,344
Net receivables:					
Accounts	5,886	-	33	-	-
Intergovernmental	-	-	-	-	-
Total assets	<u>50,118</u>	<u>17,792</u>	<u>20,295</u>	<u>77,550</u>	<u>396,344</u>
Liabilities:					
Accounts payable	643	-	1,212	-	-
Accrued wages and benefits	-	-	-	-	134,078
Pension obligation payable	-	-	-	164	16,258
Deferred revenue	-	-	-	-	-
Interfund loans payable	-	-	13,986	-	-
Total liabilities	<u>643</u>	<u>-</u>	<u>15,198</u>	<u>164</u>	<u>150,336</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	1,208	24	360	69,409	-
Unreserved-undesignated	48,267	17,768	4,737	7,977	246,008
Total fund balances	<u>49,475</u>	<u>17,792</u>	<u>5,097</u>	<u>77,386</u>	<u>246,008</u>
Total liabilities and fund balances	<u>\$ 50,118</u>	<u>17,792</u>	<u>20,295</u>	<u>77,550</u>	<u>396,344</u>

<u>Educational Management Information Systems</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Connectivity</u>	<u>SchoolNet Trainers</u>	<u>Ohio Reads Grant</u>	<u>Summer Intervention</u>	<u>Vocational Education Enhancement</u>	<u>Misc. State Grants</u>
11,566	-	-	2,437	22,811	-	2,903	816
-	-	-	-	-	-	-	-
-	-	-	-	22,100	-	10,500	-
<u>11,566</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>44,911</u>	<u>-</u>	<u>13,403</u>	<u>816</u>
-	-	-	-	3,957	-	702	-
5,446	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	22,100	-	10,500	-
-	-	-	-	22,100	-	8,592	-
<u>5,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,157</u>	<u>-</u>	<u>19,794</u>	<u>-</u>
-	-	-	-	17,727	-	3,200	-
<u>6,120</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>(20,973)</u>	<u>-</u>	<u>(9,591)</u>	<u>816</u>
<u>6,120</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>(3,246)</u>	<u>-</u>	<u>(6,391)</u>	<u>816</u>
<u>11,566</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>44,911</u>	<u>-</u>	<u>13,403</u>	<u>816</u>

(Continued)

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet (continued)

Nonmajor Special Revenue Funds

June 30, 2006

	<u>E-rate</u>	<u>Title VIB</u>	<u>Carl Perkins</u>	<u>Title III</u>	<u>Title I</u>	<u>Title VI</u>
Assets:						
Equity in pooled cash and investments	\$ 8,428	53,690	1,043	2,613	82,919	306
Net receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total assets	<u>8,428</u>	<u>53,690</u>	<u>1,043</u>	<u>2,613</u>	<u>82,919</u>	<u>306</u>
Liabilities:						
Accounts payable	-	-	-	-	365	-
Accrued wages and benefits	-	44,627	-	12,323	53,735	-
Pension obligation payable	-	5,498	-	-	7,670	106
Deferred revenue	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>50,125</u>	<u>-</u>	<u>12,323</u>	<u>61,770</u>	<u>106</u>
Fund Balances:						
Fund Balances						
Reserved for:						
Encumbrances	-	-	150	-	(205)	264
Unreserved-undesignated	8,428	3,565	893	(9,710)	21,354	(64)
Total fund balances	<u>8,428</u>	<u>3,565</u>	<u>1,043</u>	<u>(9,710)</u>	<u>21,149</u>	<u>200</u>
Total liabilities and fund balances	<u>\$ 8,428</u>	<u>53,690</u>	<u>1,043</u>	<u>2,613</u>	<u>82,919</u>	<u>306</u>

<u>Drug Free Schools</u>	<u>Preschool</u>	<u>Teacher Quality</u>	<u>Misc. Federal Grants</u>	<u>Entry Year Teachers</u>	<u>TOTAL</u>
4,553	2,490	560	1,031	-	754,346
-	-	-	-	-	5,919
<u>1,827</u>	<u>-</u>	<u>24,695</u>	<u>2,574</u>	<u>-</u>	<u>61,696</u>
<u>6,380</u>	<u>2,490</u>	<u>25,255</u>	<u>3,605</u>	<u>-</u>	<u>821,961</u>
-	-	359	-	-	7,238
-	2,579	20,951	-	-	273,739
-	-	2,884	-	-	32,580
1,827	-	24,695	2,574	-	61,696
<u>-</u>	<u>-</u>	<u>7,870</u>	<u>2,324</u>	<u>-</u>	<u>54,872</u>
<u>1,827</u>	<u>2,579</u>	<u>56,759</u>	<u>4,898</u>	<u>-</u>	<u>430,125</u>
4,294	-	-	600	-	97,031
<u>259</u>	<u>(89)</u>	<u>(31,504)</u>	<u>(1,893)</u>	<u>-</u>	<u>294,805</u>
<u>4,553</u>	<u>(89)</u>	<u>(31,504)</u>	<u>(1,293)</u>	<u>-</u>	<u>391,836</u>
<u>6,380</u>	<u>2,490</u>	<u>25,255</u>	<u>3,605</u>	<u>-</u>	<u>821,961</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Nonmajor Special Revenue Funds
Year Ended June 30, 2006

	Public School Support	Local Grant	District Managed Student Activity	Auxiliary Service	Poverty Based Assistance
Revenues:					
Charges for services	-	-	-	-	-
Interest	-	-	-	80	-
Intergovernmental	-	-	-	146,180	1,266,705
Miscellaneous	89,994	16,786	130,798	-	-
Total revenues	<u>89,994</u>	<u>16,786</u>	<u>130,798</u>	<u>146,260</u>	<u>1,266,705</u>
Expenditures:					
Current:					
Instruction:					
Regular	63,508	8,614	-	-	986,741
Special	-	-	-	-	-
Other	-	-	-	-	-
Support services:					
Pupil	2,931	52	-	-	-
Instructional staff	9,612	5,408	-	-	34,426
School administration	-	-	-	-	-
Operations and maintenance	-	-	520	-	(470)
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	-
Community services	2,516	-	-	145,167	-
Non-instructional services:					
Extracurricular activities	11,523	-	134,885	-	-
Total expenditures	<u>90,090</u>	<u>14,074</u>	<u>135,405</u>	<u>145,167</u>	<u>1,020,697</u>
Excess of revenues over (under) expenditures	(96)	2,712	(4,607)	1,093	246,008
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Net change in fund balances	(96)	2,712	(4,607)	1,093	246,008
Fund balance, beginning of year	49,571	15,080	9,704	76,293	-
Fund balance, end of year	<u>\$ 49,475</u>	<u>17,792</u>	<u>5,097</u>	<u>77,386</u>	<u>246,008</u>

Educational Management Information Systems	Disadvantaged Pupil Impact Aid	Data Connectivity	SchoolNet Trainers	Ohio Reads Grant	Summer Intervention	Vocational Education Enhancement	Misc. State Grants
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,690	-	18,000	3,925	65,900	-	7,000	-
-	-	-	-	-	-	-	-
<u>8,690</u>	<u>-</u>	<u>18,000</u>	<u>3,925</u>	<u>65,900</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
-	22,315	-	-	29,047	1	2,380	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	435	-	-	-	-	-	1,000
-	4,288	-	4,370	20,142	-	11,011	-
-	-	-	-	13,084	-	-	-
-	-	-	-	-	-	-	2,015
-	-	-	-	-	-	210	-
55,039	-	18,000	-	-	-	-	-
-	-	-	-	6,873	-	-	1,808
-	-	-	-	-	-	-	-
<u>55,039</u>	<u>27,038</u>	<u>18,000</u>	<u>4,370</u>	<u>69,146</u>	<u>1</u>	<u>13,601</u>	<u>4,823</u>
(46,349)	(27,038)	-	(445)	(3,246)	(1)	(6,601)	(4,823)
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(6,349)	(27,038)	-	(445)	(3,246)	(1)	(6,601)	(4,823)
<u>12,469</u>	<u>27,038</u>	<u>-</u>	<u>2,882</u>	<u>-</u>	<u>1</u>	<u>210</u>	<u>5,639</u>
<u>6,120</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>(3,246)</u>	<u>-</u>	<u>(6,391)</u>	<u>816</u>

(Continued)

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
All Nonmajor Special Revenue Funds
Year Ended June 30, 2006

	E-rate	Title VIB	Carl Perkins	Title III
Revenues:				
Charges for services	-	-	-	-
Interest	-	-	-	-
Intergovernmental	-	629,139	7,671	24,488
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>629,139</u>	<u>7,671</u>	<u>24,488</u>
Expenditures:				
Current:				
Instruction:				
Regular	252	-	5,090	-
Special	-	191,502	-	34,312
Other	-	-	-	-
Support services:				
Pupil	-	362,226	-	-
Instructional staff	-	24,124	-	500
School administration	-	37,382	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	3,971	1,657	-
Central	-	-	-	-
Community services	-	12,729	-	-
Non-instructional services:				
Extracurricular activities	-	-	-	-
Total expenditures	<u>252</u>	<u>631,934</u>	<u>6,747</u>	<u>34,812</u>
Excess of revenues over (under) expenditures	(252)	(2,795)	924	(10,324)
Other financing sources (uses)				
Transfers in	-	-	-	-
Net change in fund balances	(252)	(2,795)	924	(10,324)
Fund balance, beginning of year	<u>8,680</u>	<u>6,360</u>	<u>119</u>	<u>614</u>
Fund balance, end of year	<u>\$ 8,428</u>	<u>3,565</u>	<u>1,043</u>	<u>(9,710)</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Preschool</u>	<u>Teacher Quality</u>	<u>Misc. Federal Grants</u>	<u>Entry Year Teachers</u>	<u>TOTAL</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	80
475,992	8,857	13,868	17,295	142,657	6,001	11,400	2,853,768
-	-	-	-	-	-	-	237,578
<u>475,992</u>	<u>8,857</u>	<u>13,868</u>	<u>17,295</u>	<u>142,657</u>	<u>6,001</u>	<u>11,400</u>	<u>3,091,426</u>
-	655	921	-	170,626	10,780	-	1,300,930
406,256	-	-	-	(5,081)	-	-	626,989
10,104	8,344	-	-	-	-	-	18,448
-	-	-	17,445	-	-	-	384,089
43,918	-	11,238	889	1,373	750	11,400	183,449
-	-	-	-	-	-	-	50,466
-	-	-	-	-	-	-	2,065
-	-	-	-	-	-	-	5,838
-	-	-	-	-	-	-	73,039
18,791	494	-	-	-	328	-	188,706
-	-	-	-	-	-	-	146,408
<u>479,069</u>	<u>9,493</u>	<u>12,159</u>	<u>18,334</u>	<u>166,918</u>	<u>11,858</u>	<u>11,400</u>	<u>2,980,427</u>
(3,077)	(636)	1,709	(1,039)	(24,261)	(5,857)	-	110,999
-	-	-	-	-	-	-	40,000
<u>(3,077)</u>	<u>(636)</u>	<u>1,709</u>	<u>(1,039)</u>	<u>(24,261)</u>	<u>(5,857)</u>	<u>-</u>	<u>150,999</u>
24,226	836	2,844	950	(7,243)	4,564	-	240,837
<u>21,149</u>	<u>200</u>	<u>4,553</u>	<u>(89)</u>	<u>(31,504)</u>	<u>(1,293)</u>	<u>-</u>	<u>391,836</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Combining Statement of Changes in Fiduciary Assets
Agency Funds
Year Ended June 30, 2006

	Beginning Balance 7/1/05	Additions	Deductions	Ending Balance 6/30/06
STUDENT ACTIVITIES FUND				
Assets:				
Equity in pooled cash and investments	\$ 19,617	224,209	223,399	20,427
Liabilities:				
Due to student groups	19,617	224,209	223,399	20,427
<hr/>				
EMPLOYEE INSURANCE ROTARY				
Assets:				
Equity in pooled cash and investments	243,625	2,727,508	2,708,277	262,856
Liabilities:				
Due to others	243,625	2,727,508	2,708,277	262,856
<hr/>				
TOTAL				
Assets:				
Equity in pooled cash and investments	263,242	2,951,717	2,931,676	283,283
Liabilities:				
Due to others	243,625	2,727,508	2,708,277	262,856
Due to student groups	19,617	224,209	223,399	20,427
\$	<u>263,242</u>	<u>2,951,717</u>	<u>2,931,676</u>	<u>283,283</u>

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Public School Support Fund
 Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 84,813	84,687	(126)
Total revenues	<u>84,813</u>	<u>84,687</u>	<u>(126)</u>
Expenditures:			
Current:			
Instruction:			
Regular	92,480	64,638	27,842
Special	78	78	-
Other instruction	300	-	300
Support Services:			
Pupils	3,955	2,931	1,024
Instructional staff	10,056	9,612	444
Community services	3,910	2,516	1,394
Extracurricular activities	<u>14,257</u>	<u>11,523</u>	<u>2,734</u>
Total expenditures	<u>125,036</u>	<u>91,298</u>	<u>33,738</u>
Net change in fund balance	(40,223)	(6,611)	33,612
Fund balance, beginning of year	48,480	48,480	
Prior year encumbrances appropriated	<u>512</u>	<u>512</u>	
Fund balance, end of year	\$ <u>8,769</u>	<u>42,381</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Local Grant Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 16,786	16,786	-
Total revenues	<u>16,786</u>	<u>16,786</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	11,184	8,783	2,401
Support Services:			
Pupils	63	52	11
Instructional staff	12,388	5,432	6,956
Operation and maintenance of plant	5,000	-	5,000
Extracurricular activities	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>30,635</u>	<u>14,267</u>	<u>16,368</u>
Net change in fund balance	(13,849)	2,519	16,368
Fund balance, beginning of year	8,723	8,723	
Prior year encumbrances appropriated	<u>6,526</u>	<u>6,526</u>	
Fund balance, end of year	\$ <u>1,400</u>	<u>17,768</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

District Managed Student Activity

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 130,765	130,765	-
Total revenues	<u>130,765</u>	<u>130,765</u>	<u>-</u>
Expenditures:			
Current:			
Extracurricular activities	153,560	135,881	17,679
Total expenditures	<u>153,560</u>	<u>135,881</u>	<u>17,679</u>
Excess of revenues over (under) expenditures	(22,795)	(5,116)	17,679
Other financing sources:			
Advances in	75,139	75,139	-
Advances out	<u>(73,439)</u>	<u>(73,439)</u>	<u>-</u>
Total other financing (uses)	<u>1,700</u>	<u>1,700</u>	<u>-</u>
Net change in fund balance	(21,095)	(3,416)	17,679
Fund balance, beginning of year	18,131	18,131	
Prior year encumbrances appropriated	<u>3,976</u>	<u>3,976</u>	
Fund balance, end of year	\$ <u>1,012</u>	<u>18,691</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Auxiliary Services Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Interest	\$ 80	80	-
Intergovernmental	<u>146,180</u>	<u>146,180</u>	<u>-</u>
Total revenues	<u>146,260</u>	<u>146,260</u>	<u>-</u>
Expenditures:			
Current:			
Community services	<u>156,625</u>	<u>148,484</u>	<u>8,141</u>
Total expenditures	<u>156,625</u>	<u>148,484</u>	<u>8,141</u>
Excess of revenues over (under) expenditures	(10,365)	(2,224)	8,141
Other financing sources (uses):			
Advances in	32,950	32,950	-
Advances out	(32,950)	(32,950)	-
Other financing uses	<u>(69,309)</u>	<u>(69,309)</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,309)</u>	<u>(69,309)</u>	<u>-</u>
Net change in fund balance	(79,674)	(71,533)	8,141
Fund balance, beginning of year	75,695	75,695	
Prior year encumbrances appropriated	<u>3,979</u>	<u>3,979</u>	
Fund balance, end of year	\$ <u>-</u>	<u>8,141</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Poverty Based Assistance

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,266,705	1,266,705	-
Total revenues	<u>1,266,705</u>	<u>1,266,705</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,040,907	836,405	204,502
Support services:			
Instructional staff	<u>41,301</u>	<u>33,956</u>	<u>7,345</u>
Total expenditures	<u>1,082,208</u>	<u>870,361</u>	<u>211,847</u>
Net change in fund balance	184,497	396,344	211,847
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>184,497</u>	<u>396,344</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Educational Management Information Systems Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 8,690	8,690	-
Total revenues	<u>8,690</u>	<u>8,690</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Central	61,271	56,766	4,505
Total expenditures	<u>61,271</u>	<u>56,766</u>	<u>4,505</u>
Excess of revenues over (under) expenditures	(52,581)	(48,076)	4,505
Other financing sources (uses):			
Transfers in	40,000	40,000	-
Net change in fund balance	(12,581)	(8,076)	4,505
Fund balance, beginning of year	19,643	19,643	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>7,062</u>	<u>11,567</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Disadvantaged Pupil Impact Aid Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	122,622	122,622	-
Support services:			
Pupils	435	435	-
Instructional staff	4,288	4,288	-
Operation and maintenance of plant	-	-	-
Total expenditures	<u>127,345</u>	<u>127,345</u>	<u>-</u>
Net change in fund balance	(127,345)	(127,345)	-
Fund balance, beginning of year	127,345	127,345	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Data Connectivity Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 18,000	18,000	-
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Central	18,000	18,000	-
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Trainers Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 3,925	3,925	-
Total revenues	<u>3,925</u>	<u>3,925</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	<u>6,182</u>	<u>4,370</u>	<u>1,812</u>
Total expenditures	<u>6,182</u>	<u>4,370</u>	<u>1,812</u>
Net change in fund balance	(2,257)	(445)	1,812
Fund balance, beginning of year	2,882	2,882	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>625</u>	<u>2,437</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Ohio Reads Grant Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 65,900	65,900	-
Total revenues	<u>65,900</u>	<u>65,900</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	46,774	46,774	-
Support services:			
Instructional staff	20,142	20,142	-
Administration	13,084	13,084	-
Community services	8,000	6,873	1,127
Total expenditures	<u>88,000</u>	<u>86,873</u>	<u>1,127</u>
Excess of revenues over (under) expenditures	(22,100)	(20,973)	1,127
Other financing sources:			
Advances in	22,100	22,100	-
Total other financing sources	<u>22,100</u>	<u>22,100</u>	<u>-</u>
Net change in fund balance	-	1,127	1,127
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	-	-	
Fund balance, end of year	<u>\$ -</u>	<u>1,127</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Summer Intervention Grant Fund
 Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>2,326</u>	<u>2,326</u>	<u>-</u>
Total expenditures	<u>2,326</u>	<u>2,326</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,326)	(2,326)	-
Other financing sources (uses):			
Advances in	46	46	-
Advances out	<u>(9,828)</u>	<u>(9,828)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,782)</u>	<u>(9,782)</u>	<u>-</u>
Net change in fund balance	(12,108)	(12,108)	-
Fund balance, beginning of year	9,782	9,782	
Prior year encumbrances appropriated	<u>2,326</u>	<u>2,326</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Vocational Education Enhancement

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 7,000	7,000	-
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,380	2,380	-
Support services:			
Instructional staff	13,012	14,212	(1,200)
Pupil transportation	210	210	-
Total expenditures	<u>15,602</u>	<u>16,802</u>	<u>(1,200)</u>
Excess of revenues over (under) expenditures	(8,602)	(9,802)	(1,200)
Other financing sources:			
Advances in	<u>-</u>	8,592	<u>-</u>
Net change in fund balance	(8,602)	(1,210)	(1,200)
Fund balance, beginning of year	10	10	
Prior year encumbrances appropriated	<u>200</u>	<u>200</u>	
Fund balance, end of year	\$ <u>(8,392)</u>	<u>(1,000)</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous State Grants Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	9	-	9
Support services:			
Pupils	4,890	4,890	-
Operation and maintenance - plant	<u>2,822</u>	<u>2,015</u>	<u>807</u>
Total expenditures	<u>7,721</u>	<u>6,905</u>	<u>816</u>
Excess of revenues over (under) expenditures	<u>(7,721)</u>	<u>(6,905)</u>	<u>816</u>
Other financing sources (uses):			
Other financing uses	<u>(1,808)</u>	<u>(1,808)</u>	<u>-</u>
Net change in fund balance	<u>(9,529)</u>	<u>(8,713)</u>	<u>816</u>
Fund balance, beginning of year	9,529	9,529	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>816</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Erate Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Other local revenues	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Instruction			
Regular	8,680	252	8,428
Total expenditures	<u>8,680</u>	<u>252</u>	<u>8,428</u>
Net change in fund balance	(8,680)	(252)	8,428
Fund balance, beginning of year	8,680	8,680	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>8,428</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)
Title VI-B Fund
Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 672,449	672,449	-
Total revenues	<u>672,449</u>	<u>672,449</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	208,401	202,508	5,893
Support Services:			
Pupils	401,941	357,814	44,127
Instructional staff	23,249	21,280	1,969
Administration	39,083	37,382	1,701
Pupil transportation	3,971	3,971	-
Community services	12,728	12,728	-
Total expenditures	<u>689,373</u>	<u>635,683</u>	<u>53,690</u>
Excess of revenues over (under) expenditures	(16,924)	36,766	53,690
Other financing sources (uses):			
Advances in	47,349	47,349	-
Advances out	<u>(72,562)</u>	<u>(72,562)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,213)</u>	<u>(25,213)</u>	<u>-</u>
Net change in fund balance	(42,137)	11,553	53,690
Fund balance, beginning of year	42,137	42,137	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>53,690</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Carl Perkins Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 7,671	7,671	-
Total revenues	<u>7,671</u>	<u>7,671</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,309	5,090	219
Support Services:			
Pupil transportation	<u>1,807</u>	<u>1,807</u>	<u>-</u>
Total expenditures	<u>7,116</u>	<u>6,897</u>	<u>219</u>
Excess of revenues over expenditures	555	774	219
Other financing sources (uses):			
Advances in	875	875	-
Advances out	<u>(875)</u>	<u>(875)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	555	774	219
Fund balance, beginning of year	119	119	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>674</u>	<u>893</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Title III

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 24,488	24,488	-
Total revenues	<u>24,488</u>	<u>24,488</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	25,654	23,041	2,613
Support Services:			
Instructional staff	<u>500</u>	<u>500</u>	<u>-</u>
Total expenditures	<u>26,154</u>	<u>23,541</u>	<u>2,613</u>
Excess of revenues over (under) expenditures	(1,666)	947	2,613
Other financing sources (uses):			
Advances in	4,659	4,659	-
Advances ou	<u>(4,659)</u>	<u>(4,659)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,666)	947	2,613
Fund balance, beginning of year	1,666	1,666	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>2,613</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Title I

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 560,154	560,154	-
Total revenues	<u>560,154</u>	<u>560,154</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special	499,939	430,762	69,177
Other	8,863	10,104	(1,241)
Support Services:			
Instructional staff	55,295	45,766	9,529
Community services	20,972	20,294	678
Total expenditures	<u>585,069</u>	<u>506,926</u>	<u>78,143</u>
Excess of revenues over expenditures	(24,915)	53,228	78,143
Other financing sources (uses):			
Transfers in	2,573	2,573	-
Transfers out	(2,573)	(2,573)	-
Advances in	95,098	95,098	-
Advances out	(95,098)	(95,098)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(24,915)	53,228	78,143
Fund balance, beginning of year	20,968	20,968	
Prior year encumbrances appropriated	<u>8,572</u>	<u>8,572</u>	
Fund balance, end of year	\$ <u>4,625</u>	<u>82,768</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Title VI Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 12,887	12,887	-
Total revenues	<u>12,887</u>	<u>12,887</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,678	4,678	-
Other	8,344	8,344	-
Community services	<u>800</u>	<u>758</u>	<u>42</u>
Total expenditures	<u>13,822</u>	<u>13,780</u>	<u>42</u>
Excess of revenues over (under) expenditures	<u>(935)</u>	<u>(893)</u>	<u>42</u>
Other financing sources (uses):			
Advances in	8,887	8,887	-
Advances out	<u>(15,963)</u>	<u>(15,963)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,076)</u>	<u>(7,076)</u>	<u>-</u>
Net change in fund balance	(8,011)	(7,969)	42
Fund balance, beginning of year	3,929	3,929	
Prior year encumbrances appropriated	<u>4,082</u>	<u>4,082</u>	
Fund balance, end of year	\$ <u>-</u>	<u>42</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Drug Free Schools Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 13,868	13,868	-
Total revenues	<u>13,868</u>	<u>13,868</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	921	921	-
Support Services:			
Instructional staff	<u>17,292</u>	<u>17,032</u>	<u>260</u>
Total expenditures	<u>18,213</u>	<u>17,953</u>	<u>260</u>
Excess of revenues over (under) expenditures	(4,345)	(4,085)	260
Other financing sources:			
Advances in	3,476	3,476	-
Advances out	(8,153)	(8,153)	-
Transfers in	8	8	-
Transfers out	<u>(8)</u>	<u>(8)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,677)</u>	<u>(4,677)</u>	<u>-</u>
Net change in fund balance	(9,022)	(8,762)	260
Fund balance, beginning of year	6,987	6,987	
Prior year encumbrances appropriated	<u>2,035</u>	<u>2,035</u>	
Fund balance, end of year	\$ <u>-</u>	<u>260</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)
Preschool Fund
Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 19,524	19,524	-
Total revenues	<u>19,524</u>	<u>19,524</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupil	19,613	17,123	2,490
Instructional staff	<u>889</u>	<u>889</u>	<u>-</u>
Total expenditures	<u>20,502</u>	<u>18,012</u>	<u>2,490</u>
Excess of revenues over (under) expenditures	(978)	1,512	2,490
Other financing sources (uses):			
Advances in	2,700	2,700	-
Advances out	<u>(2,700)</u>	<u>(2,700)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(978)	1,512	2,490
Fund balance, beginning of year	978	978	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>2,490</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Teacher Quality Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ <u>150,527</u>	<u>142,657</u>	<u>(7,870)</u>
Total revenues	<u>150,527</u>	<u>142,657</u>	<u>(7,870)</u>
Expenditures:			
Current:			
Instruction:			
Regular	162,257	162,257	-
Special	1,549	1,549	-
Support services:			
Instructional staff	<u>2,403</u>	<u>2,203</u>	<u>200</u>
Total expenditures	<u>166,209</u>	<u>166,009</u>	<u>200</u>
Excess of revenues over (under) expenditures	(15,682)	(23,352)	(7,670)
Other financing sources (uses):			
Advances in	109,198	117,068	7,870
Advances out	<u>(109,198)</u>	<u>(109,198)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>7,870</u>	<u>7,870</u>
Net change in fund balance	(15,682)	(15,482)	200
Fund balance, beginning of year	14,903	14,903	
Prior year encumbrances appropriated	<u>780</u>	<u>780</u>	
Fund balance, end of year	\$ <u><u>1</u></u>	<u><u>201</u></u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous Federal Grants Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 8,787	6,462	(2,325)
Total revenues	<u>8,787</u>	<u>6,462</u>	<u>(2,325)</u>
Expenditures:			
Current:			
Instruction:			
Regular	11,211	10,780	431
Support services:			
Instructional staff	1,349	1,349	-
Community services	<u>328</u>	<u>328</u>	<u>-</u>
Total expenditures	<u>12,888</u>	<u>12,457</u>	<u>431</u>
Excess of revenues over (under) expenditures	(4,101)	(5,995)	(1,894)
Other financing sources (uses):			
Advances in	1,701	4,025	2,324
Advances out	<u>(9,065)</u>	<u>(9,065)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,364)</u>	<u>(5,040)</u>	<u>2,324</u>
Net change in fund balance	(11,465)	(11,035)	430
Fund balance, beginning of year	9,982	9,982	
Prior year encumbrances appropriated	<u>1,485</u>	<u>1,485</u>	
Fund balance, end of year	\$ <u>2</u>	<u>432</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Entry Year Teachers Fund
 Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ <u>11,400</u>	<u>11,400</u>	<u>-</u>
Total revenues	<u>11,400</u>	<u>11,400</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	<u>11,400</u>	<u>11,400</u>	<u>-</u>
Total expenditures	<u>11,400</u>	<u>11,400</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Capital Projects Fund

Year Ended June 30, 2006

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Earnings on investments	\$ 142,449	142,449	-
Total revenues	<u>142,449</u>	<u>142,449</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	368,506	268,922	99,584
Facilities acquisition and construction	340,104	333,839	6,265
Total expenditures	<u>708,610</u>	<u>602,761</u>	<u>105,849</u>
Excess of revenues over (under) expenditures	(566,161)	(460,312)	105,849
Other financing sources:			
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	(541,161)	(435,312)	105,849
Fund balance, beginning of year	1,535,891	1,535,891	
Prior year encumbrances appropriated	<u>165,088</u>	<u>165,088</u>	
Fund balance, end of year	\$ <u>1,159,818</u>	<u>1,265,667</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Instruction:			
Regular	<u>2,070</u>	<u>2,070</u>	<u>-</u>
Total expenditures	<u>2,070</u>	<u>2,070</u>	<u>-</u>
Net change in fund balance	(2,070)	(2,070)	-
Fund balance, beginning of year	2,070	2,070	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Permanent Fund

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ 3,073	3,073	-
Total revenues	<u>3,073</u>	<u>3,073</u>	<u>-</u>
Expenditures:			
Current:			
Community services	7,886	2,185	5,701
Total expenditures	<u>7,886</u>	<u>2,185</u>	<u>5,701</u>
Net change in fund balance	(4,813)	888	5,701
Fund balance, beginning of year	75,442	75,442	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>70,629</u>	<u>76,330</u>	

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Statistical Section

This part of the School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

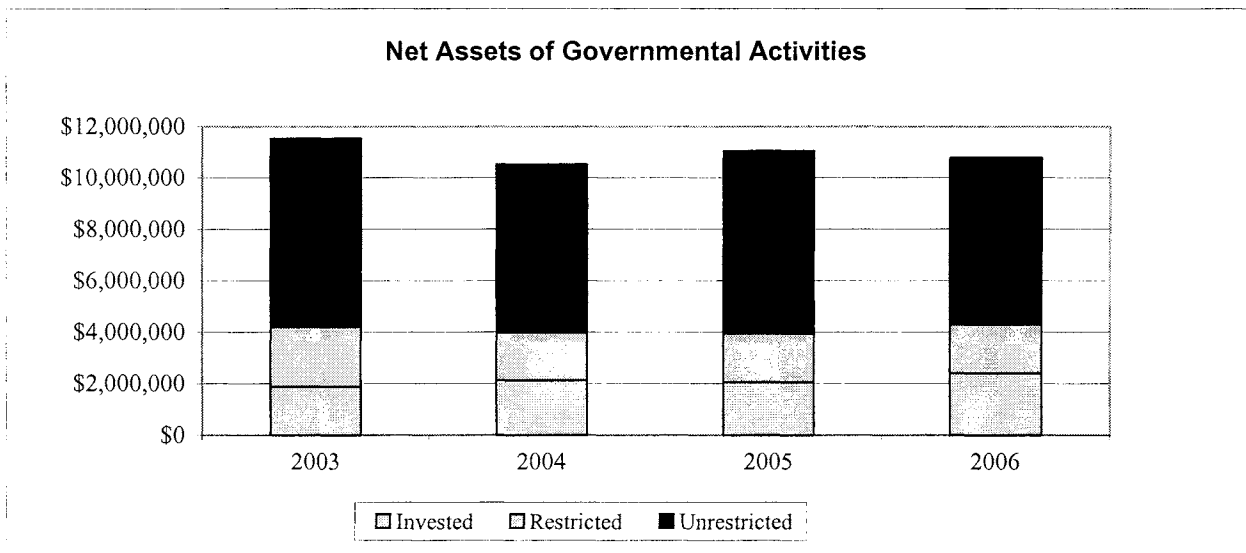
<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	87-93
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source the property tax.	94-101
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	102-107
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	108-110
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	111-114

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

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

TABLE 1

	2003	2004	2005	2006
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$1,881,692	\$2,118,790	\$2,050,568	\$2,401,750
Restricted for:				
Capital Projects	2,196,638	1,711,890	1,707,357	1,440,002
Debt Service	0	0	0	0
Scholarships	75,110	75,869	75,632	76,658
Other Purposes	44,827	65,404	92,920	357,819
Unrestricted (Deficit)	7,327,268	6,537,753	7,112,752	6,497,507
Total Governmental Activities Net Assets	\$11,525,535	\$10,509,706	\$11,039,229	\$10,773,736



Norwood City School District
Changes in Net Assets of Governmental Activities
Last Four Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Instruction	\$15,026,351	\$14,895,705	\$16,463,319	\$16,209,725
Pupil Support	1,535,738	1,418,782	1,562,969	1,664,399
Instructional Staff Support	1,505,140	1,435,265	1,506,496	1,430,967
Board of Education	33,960	34,641	42,542	18,167
Administration	1,772,971	2,078,777	1,899,765	1,909,164
Fiscal	583,667	675,922	624,657	650,547
Operation and Maintenance of Plant	2,502,737	2,763,796	2,880,753	2,719,032
Pupil Transportation	122,635	285,865	401,789	393,358
Central	593,327	481,557	396,397	383,932
Operation of Food Services	1,352,092	1,150,679	1,147,156	1,223,724
Non-instructional services	1,476,709	1,018,385	883,659	860,879
Interest and Fiscal Charges	78,355	225,139	241,229	233,251
<i>Total Expenses</i>	<u>26,583,682</u>	<u>26,464,513</u>	<u>28,050,731</u>	<u>27,697,145</u>
Program Revenues				
Charges for Services and Sales	\$810,048	\$638,712	\$553,288	585,997
Operating Grants and Contributions	3,383,164	3,211,099	3,465,770	3,835,786
Capital grants and contributions			24,150	0
<i>Total Program Revenues</i>	<u>4,193,212</u>	<u>3,849,811</u>	<u>4,043,208</u>	<u>4,421,783</u>
Net Expense	<u>(\$22,390,470)</u>	<u>(\$22,614,702)</u>	<u>(\$24,007,523)</u>	<u>(\$23,275,362)</u>

(continued)

Norwood City School District
Changes in Net Assets of Governmental Activities (continued)
Last Four Fiscal Years
(accrual basis of accounting)

TABLE 2

	2003	2004	2005	2006
General Revenues				
Property Taxes Levied for:				
General Purposes	\$13,287,060	\$12,039,610	\$15,182,526	\$13,746,864
Grants and Entitlements not				
Restricted to Specific Programs	8,729,398	9,075,443	8,687,111	8,294,393
Investment Earnings	269,923	201,007	384,816	534,763
Miscellaneous	290,366	282,813	282,593	433,849
<i>Total General Revenues</i>	<u>22,576,747</u>	<u>21,598,873</u>	<u>24,537,046</u>	<u>23,009,869</u>
<i>Change in Net Assets</i>	<u>\$186,277</u>	<u>(\$1,015,829)</u>	<u>\$529,523</u>	<u>(\$265,493)</u>

Norwood City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1997	\$131,620,420	\$77,644,060	\$597,898,514	\$19,966,850	\$28,752,264
1998	131,590,600	80,053,040	604,696,114	18,816,890	27,096,322
1999	131,605,860	80,591,360	606,277,771	18,483,600	26,616,384
2000	154,550,920	85,731,590	686,521,457	18,178,810	26,177,486
2001	153,440,590	94,500,770	708,403,886	16,167,600	23,281,344
2002	153,266,950	110,251,830	752,910,800	14,749,910	21,239,870
2003	181,093,300	114,303,360	843,990,457	15,828,170	22,792,565
2004	179,894,970	115,415,150	843,743,200	16,342,550	23,533,272
2005	179,991,580	116,656,750	847,566,657	16,407,440	23,626,714
2006	228,729,760	123,981,550	1,007,746,600	16,924,950	24,373,488

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

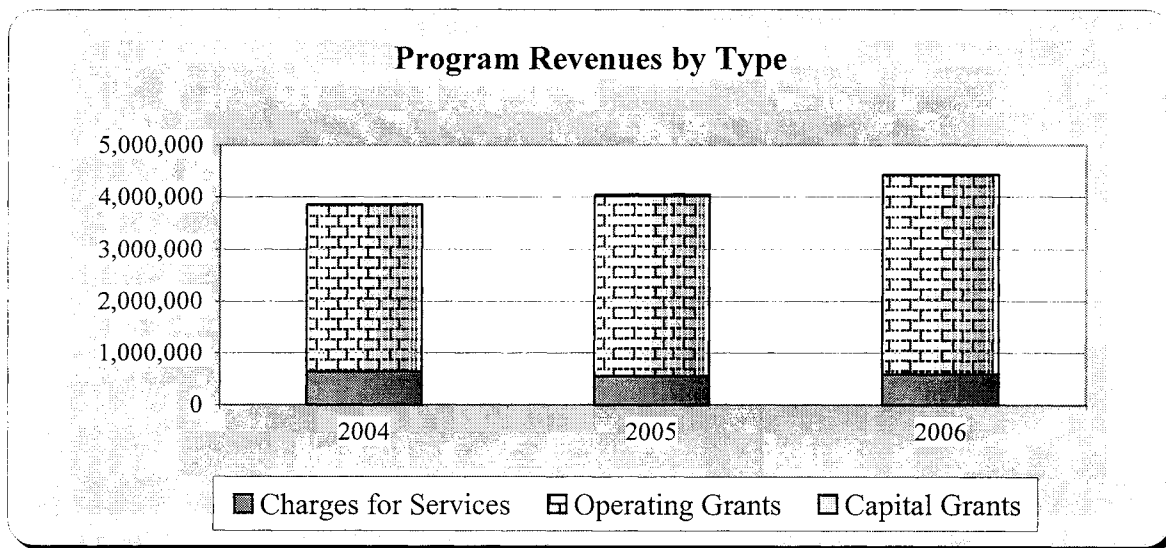
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Office of the County Auditor, Hamilton County, Ohio

Norwood City School District
Program Revenues of Governmental Activities by Function
Last Three Fiscal Years
(accrual basis of accounting)

TABLE 3

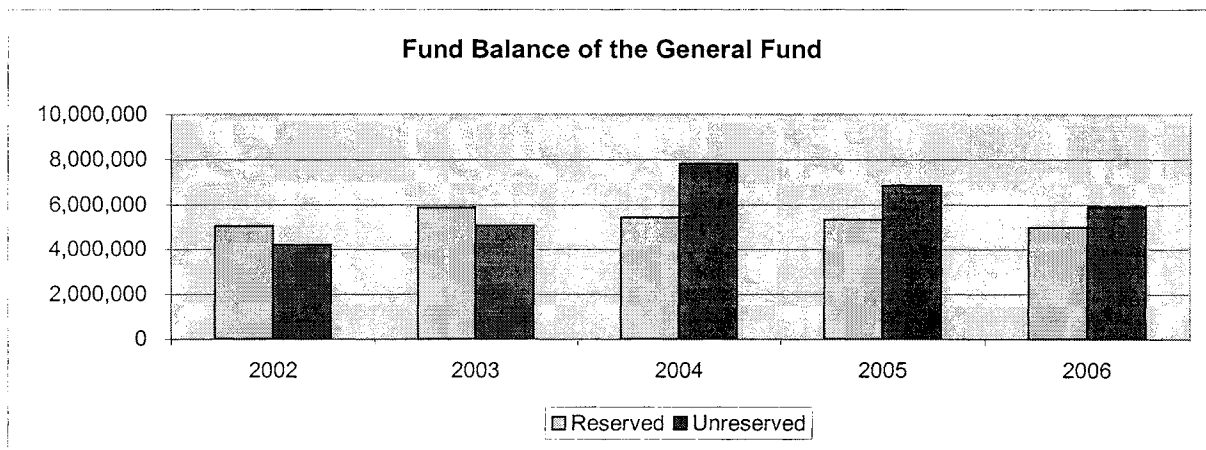
<i>Governmental Activities</i>	2004	2005	2006
<i>Function</i>			
Instruction	\$1,897,209	\$1,714,797	\$1,002,261
Support services	440,868	715,895	1,832,179
Non-instructional services	378,085	335,297	320,542
Food service	1,133,649	1,277,219	1,266,801
Interest on long-term debt			
Total Program Revenues	\$3,849,811	\$4,043,208	\$4,421,783



Norwood City School District
Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

TABLE 4

	2002	2003	2004	2005	2006
General Fund					
Reserved	\$3,547,244	\$5,126,637	\$5,115,748	\$5,157,154	\$4,750,449
Unreserved	3,479,979	3,410,042	6,228,419	5,016,412	4,263,467
<i>Total General Fund</i>	<u>7,027,223</u>	<u>8,536,679</u>	<u>11,344,167</u>	<u>10,173,566</u>	<u>9,013,916</u>
All Other Governmental Funds					
Reserved	1,499,098	748,447	322,883	183,217	241,935
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	575,541	(4,782)	(23,777)	222,708	294,805
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	83,204	1,591,518	1,531,980	1,544,339	1,270,398
Permanent Funds	73,577	75,110	75,869	75,632	76,658
<i>Total All Other Governmental Funds</i>	<u>2,231,420</u>	<u>2,410,293</u>	<u>1,906,955</u>	<u>2,025,896</u>	<u>1,883,796</u>
<i>Total Governmental Funds</i>	<u>\$9,258,643</u>	<u>\$10,946,972</u>	<u>\$13,251,122</u>	<u>\$12,199,462</u>	<u>\$10,897,712</u>



Norwood City School District
Changes in Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

TABLE 5

	2002	2003	2004	2005	2006
Revenues					
Property and Other Local Taxes	12,739,569	14,153,575	11,339,509	14,994,170	13,412,321
Intergovernmental	13,378,774	12,791,145	12,149,669	12,311,320	12,065,187
Interest	645,949	270,538	192,356	387,927	537,876
Tuition and Fees	84,782	49,484	52,609	71,978	61,599
Charges for Services	501,696	478,813	441,319	387,748	393,600
Other local revenues	1,621,263	572,117	471,838	340,471	548,942
<i>Total Revenues</i>	<u>28,972,033</u>	<u>28,315,672</u>	<u>24,647,300</u>	<u>28,493,614</u>	<u>27,019,525</u>
Expenditures					
Current:					
Instruction:					
Regular	10,932,452	11,817,271	11,487,611	12,357,818	12,102,681
Special	2,702,515	2,879,853	2,756,964	3,310,763	3,145,904
Other instruction	390,885	349,878	582,580	702,701	716,768
Support Services:					
Pupil	1,280,894	1,575,295	1,429,282	1,562,325	1,664,099
Instructional Staff	1,255,052	1,496,177	1,439,812	1,501,872	1,431,074
Board of Education	26,356	33,387	34,068	41,969	17,833
Administration	1,709,874	1,775,526	2,102,751	1,897,390	1,906,789
Fiscal	587,877	609,128	667,017	622,984	650,547
Business	0	0	0	0	0
Operation and Maintenance of Plant	2,540,635	2,622,099	2,435,344	2,725,936	2,868,923
Pupil Transportation	101,056	122,642	285,865	401,789	393,358
Central	457,606	627,526	461,363	386,128	383,932
Operation of Non-Instructional Services	970,037	960,270	377,943	239,337	198,031
Operation of Food Services	1,156,022	1,294,426	1,164,733	1,144,983	1,216,649
Extracurricular Activities	432,717	477,210	569,821	509,982	548,449
Capital Outlay	434,191	2,836,993	1,634,857	1,505,120	557,692
Debt Service:					
Principal Retirement	0	69,000	252,000	292,000	301,000
Interest and Fiscal Charges	0	78,355	225,139	241,229	233,251
<i>Total Expenditures</i>	<u>24,978,169</u>	<u>29,625,036</u>	<u>27,907,150</u>	<u>29,444,326</u>	<u>28,336,980</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>3,993,864</u>	<u>(1,309,364)</u>	<u>(3,259,850)</u>	<u>(950,712)</u>	<u>(1,317,455)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	3,000	0	0	36,644	15,705
Inception of Capital Lease	0	2,997,693	5,564,000	0	0
Transfers In	125,000	135,000	208,232	146,350	65,000
Transfers Out	(125,000)	(135,000)	(208,232)	(146,350)	(65,000)
<i>Total Other Financing Sources (Uses)</i>	<u>3,000</u>	<u>2,997,693</u>	<u>5,564,000</u>	<u>36,644</u>	<u>15,705</u>
<i>Net Change in Fund Balances</i>	<u>\$3,996,864</u>	<u>\$1,688,329</u>	<u>\$2,304,150</u>	<u>(\$914,068)</u>	<u>(\$1,301,750)</u>

Norwood City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU	Actual Value	Assessed Value	Estimated Actual Value
1997	\$131,620,420	\$77,644,060	\$597,898,514	\$19,966,850	\$28,752,264
1998	131,590,600	80,053,040	604,696,114	18,816,890	27,096,322
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2002	153,266,950	110,251,830	752,910,800	14,749,910	21,239,870
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2004	179,894,970	115,415,150	843,743,200	16,342,550	23,533,272
2005	179,991,580	116,656,750	847,566,657	16,407,440	23,626,714
2006	228,729,760	123,981,550	1,007,746,600	16,924,950	24,373,488

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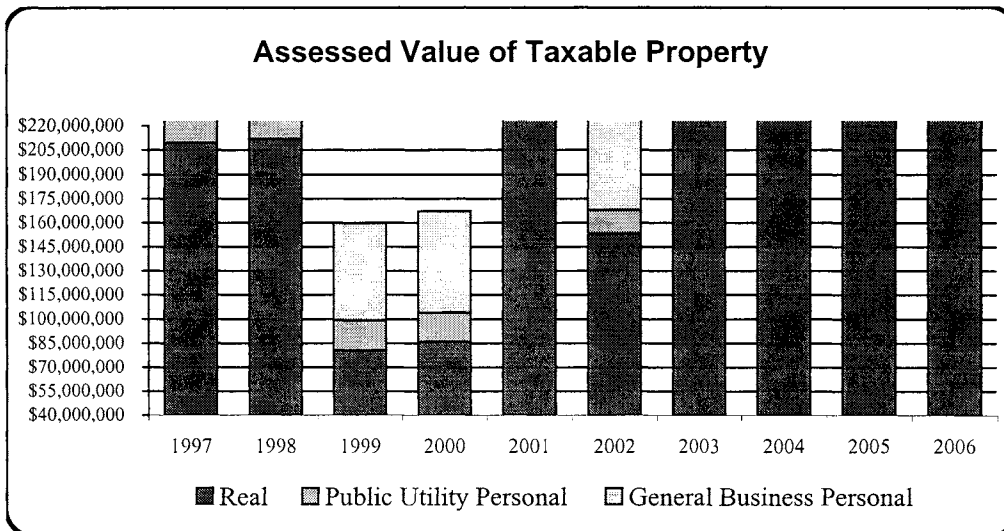
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The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Office of the County Auditor, Hamilton County, Ohio

TABLE 6

Tangible Personal Property				
General Business		Total		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio
\$57,318,850	\$229,275,400	\$286,550,180	\$855,926,178	33.00%
59,576,640	\$238,306,560	290,037,170	870,098,996	33.00%
60,868,750	\$243,475,000	291,549,570	876,369,155	33.00%
63,305,930	\$253,223,720	321,767,250	965,922,664	33.00%
62,575,880	\$250,303,520	326,684,840	981,988,750	33.00%
67,012,950	\$279,220,625	345,281,640	1,053,371,295	33.00%
67,908,560	\$282,952,333	379,133,390	1,149,735,355	33.00%
57,716,820	\$240,486,750	369,369,490	1,107,763,222	33.00%
58,496,940	\$243,737,250	371,552,710	1,114,930,621	34.00%
57,937,250	\$231,749,000	427,573,510	1,263,869,088	34.00%



Norwood City School District
Property Tax Rates
 (per \$1,000 of assessed value)
Last Ten Years

	1997	1998	1999	2000	2001
Norwood City School District	\$48.90	\$48.82	\$48.57	\$52.80	\$52.95
Hamilton County	19.44	19.01	19.54	20.83	21.47
City of Norwood	11.40	11.40	11.40	11.40	11.40
Great Oaks Joint Vocational School	2.70	2.70	2.70	2.70	2.70
Total	\$82.44	\$81.93	\$82.21	\$87.73	\$88.52

Source: Hamilton County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor

TABLE 7

2002	2003	2004	2005
\$49.90	\$50.96	\$51.08	\$48.75
21.87	21.51	21.06	20.81
11.40	11.40	11.40	11.40
2.70	2.70	2.70	2.70
<u>\$85.87</u>	<u>\$86.57</u>	<u>\$86.24</u>	<u>\$83.66</u>

Norwood City School District
Property Tax Levies and Collections (1)
Last Ten Years

TABLE 8

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1996	\$10,505,089	\$10,085,363	96.00%	\$334,294	\$10,419,657	99.19%
1997	11,002,151	10,617,906	96.51	456,557	11,074,463	100.66
1998	10,900,275	10,594,422	97.19	725,439	11,319,861	103.85
1999	11,012,017	10,702,287	97.19	368,921	11,071,208	100.54
2000	11,587,641	10,812,025	93.31	391,842	11,203,867	96.69
2001	13,486,181	13,049,312	96.76	868,344	13,917,656	103.20
2002	14,196,171	13,571,297	95.60	482,962	14,054,259	99.00
2003	13,838,077	13,660,996	98.72	720,731	14,381,727	103.93
2004	14,166,770	13,520,918	95.44	488,209	14,009,127	98.89
2005	11,924,033	11,534,018	96.73	617,753	12,151,770	101.91

Source: Office of the County Auditor, Hamilton County, Ohio

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

Norwood City School District

Principal Taxpayers

Real Estate Tax

TABLE 9

Name of Taxpayer	Assessed Value	Percent of Real Property Assessed Value
Norwood Real Estate Partners	\$20,336,270	5.77%
Rookwood Commons LLS	12,129,110	3.44%
Rookwood Pavilion, LTD	10,201,520	2.89%
Rookwood Towers, LLC	5,647,390	1.60%
Surrey Mall Partners, LTD	3,657,530	1.04%
Rookwood Partners , LTD	1,992,820	0.57%
Brahma Investment Group, Inc.	1,820,000	0.52%
BC Norwood Wildcat Storage	1,627,660	0.46%
Brundrett Properties Inc.	1,526,290	0.43%
EM Industries Inc.	<u>1,314,450</u>	<u>0.37%</u>
Totals	<u><u>\$60,253,040</u></u>	<u><u>17.08%</u></u>
Total Assessed Valuation	<u><u>\$352,711,310</u></u>	

(1) The amounts presented represent the assessed values upon which 2005 collections were based.

Source: Office of the County Auditor, Hamilton County, Ohio

Norwood City School District

Principal Taxpayers

Tangible Personal Property Tax

TABLE 10

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Shepard Chemical Co.	\$8,407,040	14.51%
Siemens Energy & Automation	6,452,190	11.14%
C.W. Zumbiel Co.	6,358,350	10.97%
Untied State Playing Cards Co.	5,354,080	9.24%
EMD Chemicals Inc.	4,412,970	7.62%
Smurfit Stone Container Enterprises Inc.	2,347,000	4.05%
United Dairy Farmers Inc.	1,842,170	3.18%
Convergys Corporation	759,990	1.31%
Northland Motors Inc.	757,510	1.31%
Metro Containers Inc.	745,960	1.29%
Total	<u>\$37,437,260</u>	<u>64.62%</u>
Total Assessed Valuation	<u>57,937,250</u>	

(1) The amounts presented represent the assessed values upon which 2005 collections were based.

Source: Office of the County Auditor, Hamilton County, Ohio

Prior years information is unavailable.

Norwood City School District

Principal Taxpayers

Public Utilities Tax

TABLE 11

Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cincinnati Gas & Electric Company	\$11,297,460	66.75%
Cincinnati Bell Telephone Company	3,418,520	20.20%
Cincinnati Bell Any Distance Inc.	796,230	4.70%
Norfolk Southern Combined RR Subsidiaries	325,600	1.92%
Cincinnati Bell Wireless LLC	297,910	1.76%
New Par	229,960	1.36%
Time Warner Telecom of Ohio LP	193,990	1.15%
CSX Transportation Inc.	162,560	0.96%
Voicestream Columbus Inc.	112,100	0.66%
Indiana & Ohio Railway Co.	46,110	0.27%
Total	\$16,880,440	99.74%
Total Assessed Valuation	16,924,950	

(1) The amounts presented represent the assessed values upon which 2005 collections were based.

Source: Office of the County Auditor, Hamilton County, Ohio

Norwood City School District
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

TABLE 12

Fiscal Year	General Bonded Debt	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1997	\$1,350,000		\$1,350,000	100.00%	\$57.02
1998	1,170,000		1,170,000	100.00%	49.42
1999	990,000		990,000	100.00%	41.82
2000	810,000		810,000	100.00%	37.37
2001	810,000		810,000	100.00%	37.37
2002	0		0		0.00
2003	0		0		0.00
2004	0		0		0.00
2005	0		0		0.00
2006	0		0		0.00

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Norwood City School District
Ratio of Debt
to Assessed Value and Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt				
				General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1997	23,674	a	\$855,926,180	\$1,350,000		1,350,000	0.16%	\$57.02
1998	23,674	a	870,098,996	1,170,000		1,170,000	0.13%	49.42
1999	23,674	a	876,369,155	990,000		990,000	0.11%	41.82
2000	21,675	a	965,922,664	810,000		810,000	0.08%	37.37
2001	21,675	b	981,988,750	810,000		810,000	0.08%	37.37
2002	21,675	b	1,042,202,470	0		0	0.00%	0.00
2003	21,675	b	1,138,417,262	0		0	0.00%	0.00
2004	21,675	b	1,098,143,752	0		0	0.00%	0.00
2005	21,675	b	1,105,181,134	0		0	0.00%	0.00
2006	21,675	b	1,263,869,088	0		0	0.00%	0.00

Sources: (1) U.S. Bureau of Census, Census of Population
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Hamilton County Auditor

TABLE 13

General Debt				
General Bonded Debt Outstanding	Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita
\$1,350,000	\$0	\$1,350,000	0.16%	\$57.02
1,170,000	0	1,170,000	0.13%	49.42
990,000	0	990,000	0.11%	41.82
810,000	0	810,000	0.08%	37.37
810,000	0	810,000	0.08%	37.37
0	0	0	0.00%	0.00
0	69,000	69,000	0.01%	3.18
0	252,000	252,000	0.02%	11.63
0	292,000	292,000	0.03%	13.47
0	301,000	301,000	0.02%	13.89

Norwood City School District
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities*
June 30, 2006

TABLE 14

	Debt Attributable to Governmental Activities	Percentage Applicable to School District	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Hamilton County	\$115,575,000	2.01%	\$115,575,000
Norwood City	\$12,692,790	99.91%	12,692,790
Great Oaks Career Center School District	<u>\$3,325,000</u>	2.18%	<u>3,325,000</u>
Total Overlapping Debt	\$131,592,790		\$131,592,790
Direct Debt	<u>0</u>	100.00%	<u>0</u>
Total Direct and Overlapping Debt	<u><u>\$131,592,790</u></u>		<u><u>\$131,592,790</u></u>

Source: Ohio Municipal Advisory Council

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Norwood City School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Tax Valuation	<u>\$286,550,180</u>	<u>\$290,037,170</u>	<u>\$291,549,570</u>	<u>\$321,767,250</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>\$25,789,516</u>	<u>\$26,103,345</u>	<u>\$26,239,461</u>	<u>\$28,959,053</u>
Amount of Debt Applicable to Debt Limit General Obligation Bonds Less Amount Available in Debt Service	<u>1,350,000</u>	<u>1,170,000</u>	<u>990,000</u>	<u>810,000</u>
Amount of Debt Subject to Limit	<u>1,350,000</u>	<u>1,170,000</u>	<u>990,000</u>	<u>810,000</u>
Legal Debt Margin	<u>\$24,439,516</u>	<u>\$24,933,345</u>	<u>\$25,249,461</u>	<u>\$28,149,053</u>
Legal Debt Margin as a Percentage of the Debt Limit	94.77%	95.52%	96.23%	97.20%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$286,550	\$290,037	\$291,550	\$321,767
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$286,550</u>	<u>\$290,037</u>	<u>\$291,550</u>	<u>\$321,767</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Hamilton County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

TABLE 15

2001	2002	2003	2004	2005	2006
<u>\$326,684,840</u>	<u>\$345,281,640</u>	<u>\$379,133,390</u>	<u>\$369,369,490</u>	<u>\$371,552,710</u>	<u>\$427,573,510</u>
<u>\$29,401,636</u>	<u>\$31,075,348</u>	<u>\$34,122,005</u>	<u>\$33,243,254</u>	<u>\$33,439,744</u>	<u>\$38,481,616</u>
810,000	0	0	0	0	0
<u>810,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$28,591,636</u>	<u>\$31,075,348</u>	<u>\$34,122,005</u>	<u>\$33,243,254</u>	<u>\$33,439,744</u>	<u>\$38,481,616</u>
97.25%	100.00%	100.00%	100.00%	100.00%	100.00%
\$326,685	\$345,282	\$379,133	\$369,369	\$371,553	\$427,574
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$326,685</u>	<u>\$345,282</u>	<u>\$379,133</u>	<u>\$369,369</u>	<u>\$371,553</u>	<u>\$427,574</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Norwood City School District
Demographic and Economic Statistics
Last Ten Years

TABLE 16

Year	Population (1)	Unemployment Rate State of Ohio(2)
1997	23,674	4.30%
1998	23,674	4.50%
1999	23,674	4.50%
2000	21,675	4.10%
2001	21,675	4.30%
2002	21,675	5.80%
2003	21,675	6.00%
2004	21,675	6.00%
2005	21,675	6.00%
2006	21,675	6.10%

Sources: 1) 1990 Census and 2000 Census
 2) Ohio Bureau of Employment Services

Norwood City School District
Principal Employers

TABLE 17

Employer	Nature of Business	Rank
U.S. Playing Card	Consumer Goods Manufacturing	1
Siemens Automation	Capital Goods	2
Broadwing - Cincinnati Bell Telephone	Communications	3
Zumbiel Box Company	Corrugated Box Manufacturer	4
United Dairy Farmers	Dairy Products Manufacturer	5
Norwood Board of Education	Public School	6
City of Norwood	Municipal Government	7
EM Industries	Chemical Manufacturing	8
Aramark Services	Uniform Supplies and Cleaning	9

Source: City of Norwood

Norwood City School District
School District Employees by Function/Program
Last Two Fiscal Years

TABLE 18

Function/Program	2005	2006
Regular Instruction		
Preschool Classroom Teachers	2.00	2.00
Elementary Classroom Teachers	92.00	90.00
Middle School Classroom Teachers	26.00	26.00
High School Classroom Teachers	41.00	40.00
Special Instruction		
Classroom Teachers	19.00	18.50
Gifted Education Teachers	2.00	2.00
English as Second Language	2.00	2.50
Pupil Support Services		
Guidance Counselors	7.00	7.00
Librarians	6.00	6.00
Psychologists	4.00	3.00
Speech and Language Pathologists	3.00	2.00
Occupational Therapist	1.00	1.00
Physical Therapist	1.00	1.00
Nurse	6.00	6.00
Planetarium	1.00	1.00
Educational Aids	38.00	39.00
Administrators		
Elementary	4.00	4.00
Middle School	1.00	2.00
High School	4.00	4.00
Central Office	6.00	6.00
Staff Support		
Elementary	4.00	4.00
Middle School	1.00	1.00
High School	4.00	4.00
Central Office	7.50	7.50
Operation of Plant		
Maintenance	9.00	9.00
Food Service Program	28.00	28.00
	<u>319.50</u>	<u>316.50</u>

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Norwood City School District
Operating Statistics
Last Four Fiscal Years

TABLE 19

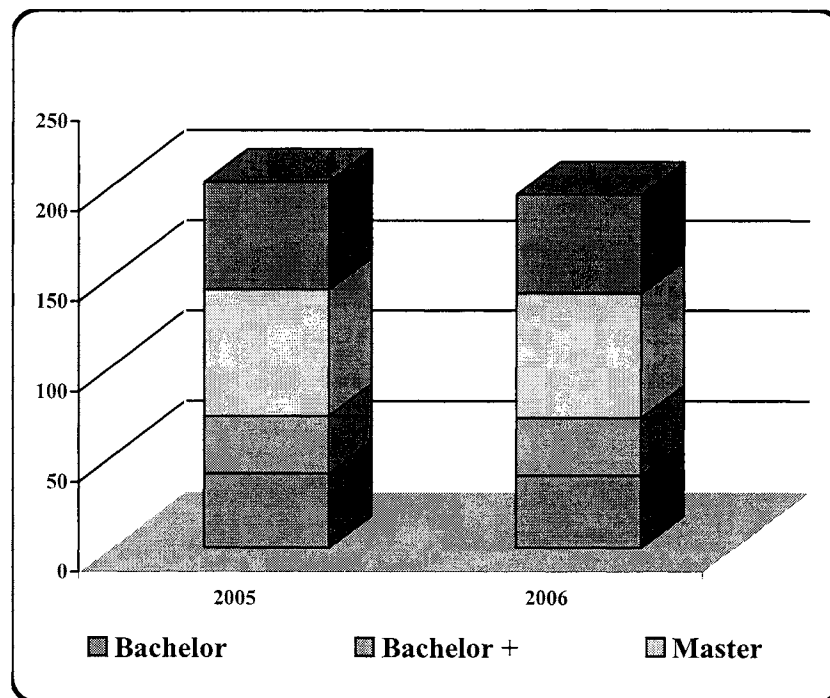
Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2003	\$26,583,682	2,835	\$9,377	N/A	207	13.7
2004	26,464,513	2,659	9,953	6.14%	205	13.0
2005	28,050,731	2,564	10,940	9.92%	203	12.6
2006	27,697,145	2,527	10,960	0.19%	196	12.9

Source: School District Records.

Norwood City School District
Full-Time Equivalent Teachers by Education
Last Two Fiscal Years

TABLE 20

Degree	2005	2006
Bachelor's Degree	41	40
Bachelor + 18	32	32
Master's Degree	70	69
Master + 18	26	24
Master + 30	34	31
Total	203	196



Source: School District Records.

Norwood City School District
Teachers' Salaries
Last Five Fiscal Years

TABLE 21

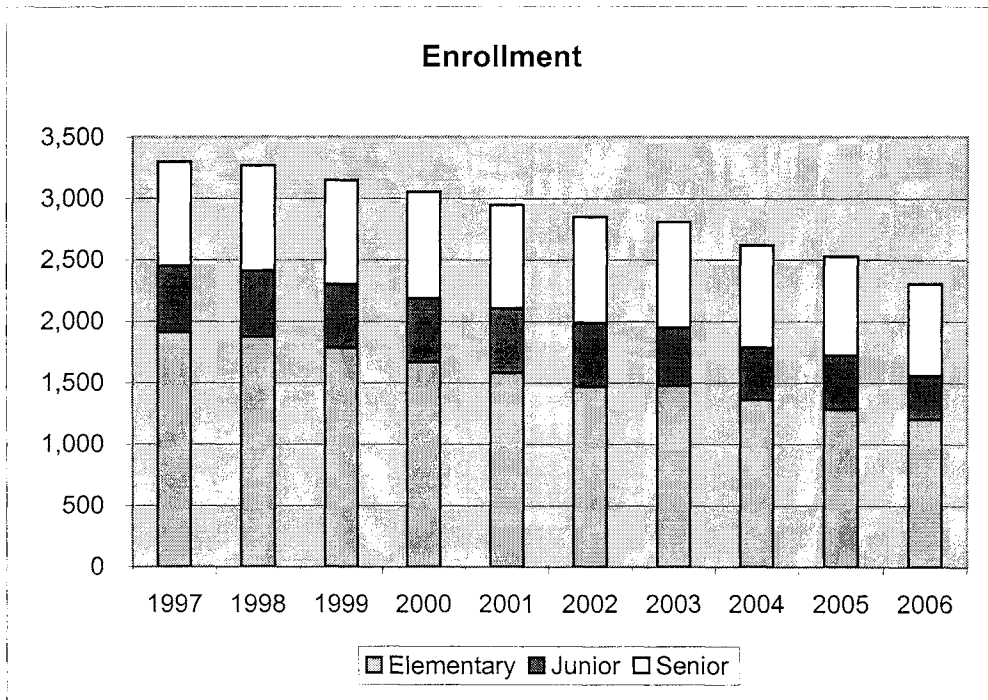
<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Maximum Salary (2)</u>	<u>Average Salary Comparable Districts (3)</u>	<u>Statewide Average Salary (4)</u>
2002	28,455	62,695	Unavailable	43,755
2003	29,664	65,360	Unavailable	45,645
2004	30,616	67,452	Unavailable	47,659
2005	31,914	70,319	49,555	49,438
2006	32,951	72,604	Unavailable	50,772

- (1) Starting teacher with no experience.
- (2) Teacher with a Masters degree and more than 30 year's experience.
- (3) Provided by the State Department of Education.
- (4) Provided by the State Department of Education.

Norwood City School District
Enrollment Statistics
Last Ten Fiscal Years

TABLE 22

Fiscal Year	Elementary Schools	Junior High Schools	Senior High Schools	Total
1997	1,910	536	853	3,299
1998	1,875	533	860	3,268
1999	1,786	513	849	3,148
2000	1,668	516	871	3,055
2001	1,579	524	844	2,947
2002	1,470	515	865	2,850
2003	1,478	469	862	2,809
2004	1,362	422	836	2,620
2005	1,286	434	807	2,527
2006	1,207	348	749	2,304



Source: School Districts Records



Mary Taylor, CPA
Auditor of State

NORWOOD 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
FEBRUARY 6, 2007