

LOVELAND CITY SCHOOL DISTRICT

Single Audit Reports

June 30, 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Report of Independent Accountants* of the Loveland City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2003 to June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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BETTY MONTGOMERY
Auditor of State

May 13, 2005

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

December 16, 2004

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 Loveland City School District (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

A handwritten signature in black ink, appearing to read "Plattenburg & Associates, Inc.", written in a cursive style.

Plattenburg & Associates, Inc.
Certified Public Accountants



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

December 16, 2004

To the Board of Education:

Compliance

We have audited the compliance of the Loveland City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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 are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

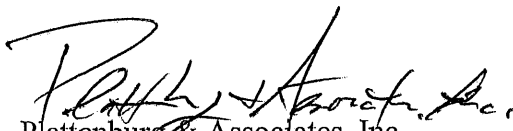
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining information of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 16, 2004. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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


Plattenburg & Associates, Inc.
Certified Public Accountants

LOVELAND CITY SCHOOL DISTRICT

June 30, 2004

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

LOVELAND CITY SCHOOL DISTRICT
JUNE 30, 2004

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

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

LOVELAND CITY SCHOOL DISTRICT

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED June 30, 2004

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Child Nutrition Cluster:						
National School Lunch Program	04-PU	10.555	\$113,792	\$0	\$113,792	\$0
Total U.S. Department of Agriculture - Child Nutrition Cluster			113,792	0	113,792	0
Food Distribution Program	03-PU	10.550	0	43,038	0	43,038
Total U.S. Department of Agriculture - Nutrition Cluster			113,792	43,038	113,792	43,038
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI - B Grant	6B-SF	84.027	554,291	0	488,629	0
Preschool Grant	PG-S1	84.173	22,582	0	13,162	0
Total U.S. Special Education Cluster			576,873	0	501,791	0
Title I Grant	C1-S0	84.010	199,773	0	202,120	0
Title V	C2-S1	84.298	58,039	0	34,639	0
Tech Literacy	TF-S1	84.318	9,626	0	9,557	0
Drug Free Schools Grant	DR-S1	84.186	17,204	0	18,883	0
Improving Teacher Quality	TR-S1	84.367	154,985	0	143,230	0
Limited English Proficiency	*	84.365	10,506	0	10,506	0
Total Department of Education			1,027,006	0	920,726	0
Total Federal Assistance			\$1,140,798	\$43,038	\$1,034,518	\$43,038

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- FOOD DISTRIBUTION

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

* Information unavailable

**LOVELAND CITY SCHOOL DISTRICT
LOVELAND, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

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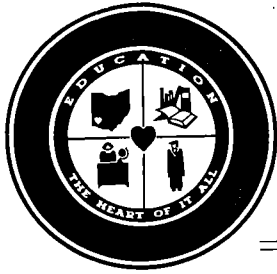
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INTRODUCTORY SECTION

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Loveland City School District

Office of the Treasurer
757 S. Lebanon Road • Loveland, Ohio 45140
Telephone (513) 683-5600
Fax (513) 683-5697

December 31, 2004

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

The Comprehensive Annual Financial Report [CAFR] of the Loveland City School District [District] for the fiscal year ended June 30, 2004, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of State and conforms to Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the Loveland City School District with comprehensive financial data in a format, which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the District's consultants and advisors, the GFOA and ASBO certificates the District received for the June 30, 2003 CAFR. Also included are the District's major current and future initiatives.

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

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

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

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund, because of the District's administrative involvement in the program. The parochial/private schools served are: St. Columban and Children's Meeting House Montessori School. While these organizations share operational and service similarity with the District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

THE DISTRICT AND ITS FACILITIES

The District now houses 4,098 students in one high school, one middle school, one intermediate school and three elementary schools.

CONSTRUCTED	SCHOOL ADDRESS	OCTOBER 2004 ENROLLMENT
1963	Loveland Early Childhood Center 6740 Loveland Miamiville Road	256
1957	Loveland Primary School 550 Loveland Maderia Road	670
1941	Loveland Elementary School 600 Loveland Madeira Road	619
2000	Loveland Intermediate School 757 South Lebanon Road	693
1962	Loveland Middle School 801 South Lebanon Road	664
1992	Loveland High School 1 Tiger Trail	1,196

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The board members on June 30, 2004, were as follows:

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

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

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

EMPLOYEE RELATIONS

The District currently has approximately 622 full-time employees. The number of employees has been steady for the last several years. During the 2004 fiscal year, the District paid from its General Fund \$19,003,224 in salaries and wages, and \$6,275,579 in fringe benefits, such as retirement contributions, workers' compensation and life and health benefits.

The District's teachers are represented for collective bargaining purposes by the Loveland Education Association [LEA]. The District has a collective bargaining agreement with LEA which expires June 30, 2007. The District's classified employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees [OAPSE]. The District has a collective bargaining agreement with OAPSE which expires June 30, 2007.

SERVICES PROVIDED

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

Transportation is provided for over 5,455 students each day. The District fleet of buses travels over 3,392 miles each day transporting to 22 different sites. In addition to making more than 286 daily runs, the department transported both public and non-public students on 1,135 extra-curricular trips during the year.

The food service department served 186,635 plate lunches through the District's five kitchens. This is accomplished through the full operation of three kitchens (one kitchen services two adjoining buildings, each having their own dining room) and two satellite sites.

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

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

The District offers regular instructional programs daily to students in grades K-12. There are approximately 57 students in the specific trades through career-technical education. Over 370 students receive special services, due to identified disabilities. In grades 3-8, approximately 120 students participated in the gifted program. The District presented 272 high school diplomas in 2004.

LOVELAND SCHOOLS FOCUS STATEMENT

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

Loveland Schools will continue to:

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

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

LOVELAND SCHOOLS GUIDING PRINCIPLES

Student academic achievement is our primary product.

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

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

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

We are a learning community:

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

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

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

SUMMARY OF RESULTS

For the fourth consecutive year, the Loveland City School District has earned the designation of “Excellent” on the Ohio Department of Education’s state report card, meeting 100% of the state’s 18 indicators. The District improved or maintained scores in 11 of these 18 areas. In addition, 89.9% of the district’s third grade students passed the state’s new third grade reading achievement test.

Each school district in Ohio is also given a performance index score. The score is a weighted average of all tested subjects in grades 3, 4, and 6. The most weight is given to the advanced students and the weights then decrease for each performance level (accelerated, proficient, basic, below basic). This creates a scale of 0 to 120 points, with 100 being the goal. Loveland’s performance index score for 2003-2004 is 100.8, up from last year’s result of 98.3.

Under the federal “No Child Left Behind” legislation, the final goal for all students is to reach the proficient level in reading and mathematics by 2013-14. Until then, yearly goals are set requiring a specific percentage of students in 10 sub-groups, such as African American, Hispanic, White and those with special education needs on an Individualized Education Plan (IEP), to reach proficiency in these subjects. If any goal in any one of these sub-groups is missed, the district does not meet Adequate Yearly Progress (AYP) for the year. Loveland did not meet AYP for the 2002-03 school year because the IEP sub-group did not meet a proficiency level in mathematics. Appropriate intervention with targeted students during the 2003-2004 school year produced results leading to the school district and all schools reaching the AYP goal for this school year.

In order to maintain excellence, meet increasingly difficult AYP goals, and continue to demonstrate to our stakeholders a strong return on its investment in our schools, the Board identified six areas of focus to be initiated during the 2004-2005 school year:

- 1) Continuing sound fiscal management practices in the Loveland school district while focusing attention on state and federal school funding issues.
- 2) Continuing to strengthen communication with stakeholders throughout the school district.
- 3) Improving math achievement through implementation of the District’s math plan.
- 4) Optimizing teaching and learning through utilizing technology.
- 5) Initiating a district-wide emphasis on positive school climate and prevention of bullying.
- 6) Continuing emphasis on intervention when students aren’t learning what we are intending to teach.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

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

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

In May of 2003, the Treasurer established the Loveland City School District Business Advisory Council. The committee is established to serve as an advisory group to the Treasurer and provide feedback and guidance to the Treasurer, Superintendent and Board of Education. Members of the committee are citizens of the Loveland City School District with business and/or financial background and a strong sense of community. The council meets on a regular basis to discuss matters related to school finance and inform the Treasurer and Superintendent of concerns related to financial issues.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

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

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

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

FINANCIAL CONDITION

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 School District's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type 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 a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

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

Management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2004 and the outlook for the future.

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government, or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$174,877 for the year ended June 30, 2004.

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

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

RISK MANAGEMENT

The District constantly faces the risk of loss of assets by fire, storm, theft, accident or other catastrophes. Generally, the District shifts the burden of such losses by entering into a casualty insurance contract whereby an insurance company, in consideration of a premium payment, assumes the risk of all or a portion of these losses. The Utica National Insurance Group provides insurance coverage on the buildings and contents, boiler and machinery, burglary/robbery/theft (inside and outside), and mobile instruction units. Utica also insures our fleet of vehicles and radio and communication equipment.

All employees, volunteers and booster groups are covered under the District's liability policy with Utica National Insurance Group. The limits of liability are \$1,000,000 for each occurrence and \$2,000,000 in aggregate with a \$3,000,000 umbrella policy.

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

INDEPENDENT AUDIT

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

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate

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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2004, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

PAFR Outstanding Achievement Award

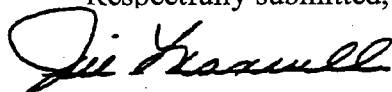
The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the District's first Popular Annual Financial Report for the fiscal year ending June 30, 2003. This Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. The Popular Annual Financial Report for fiscal year 2004 will be submitted to GFOA for review and we believe it will conform to these high standards.

ACKNOWLEDGEMENTS

The preparation of the 2004 Comprehensive Annual Financial Report of the Loveland City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Jill D. Manville
Treasurer/CFO

LOVELAND CITY SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

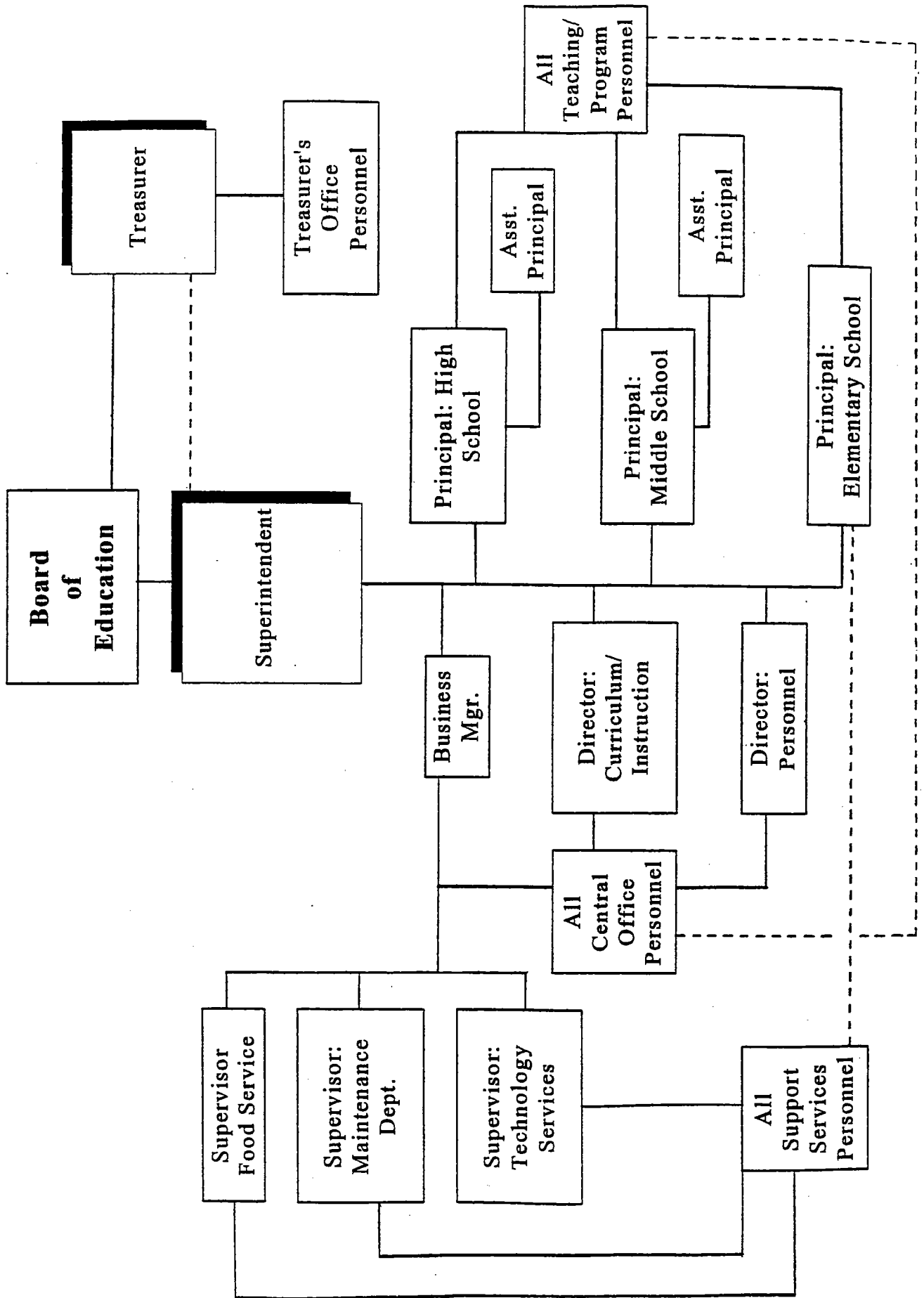
June 30, 2004

BOARD OF EDUCATION

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

ADMINISTRATIVE OFFICIALS

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Loveland City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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.



Edward Henry
President

Jeffrey R. Emer
Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

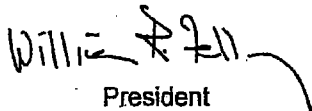


This Certificate of Excellence in Financial Reporting is presented to

LOVELAND CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

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


President


Executive Director

**FINANCIAL
SECTION**

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December 16, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

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 the Loveland City School District, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Loveland City School District, as of June 30, 2004, 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.

As described in the notes to the basic financial statements for the fiscal year ended June 30, 2004, the District reclassified activity formerly reported in the enterprise funds as a business-type activity to now be reported in the special revenue funds as a governmental activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2004 on our consideration of the District 's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information


The Management's Discussion and Analysis information and the budgetary information listed in the table of contents as required supplementary information is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

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


Plattenburg & Associates, Inc.
Certified Public Accountants

LOVELAND CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2004
(Unaudited)

The discussion and analysis of Loveland City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999.

Financial Highlights

Key financial highlights for 2004 are as follows:

- Net assets of governmental activities increased \$408,630 which represents a 2% increase from 2003.
- General revenues accounted for \$34,765,695 in revenue or 93% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,809,297 or 7% of total revenues of \$37,574,992.
- Total assets of governmental activities increased by \$8,866,320 as taxes receivable increased by \$6,451,466 and cash and other receivables increased by \$3,204,521.
- The District had \$37,166,362 in expenses related to governmental activities; \$2,809,297 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$34,765,695 were adequate to provide for these programs.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General, Debt Service and Permanent Improvement Funds are the major funds of the District.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, “How did we do financially during 2004?” The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District’s Most Significant Funds

Fund Financial Statements

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

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

The District as a Whole

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

Table 1 provides a summary of the District’s net assets for 2003 compared to 2004:

Table 1 Net Assets		
<u>Governmental Activities</u>		
	<u>2003 (Restated)</u>	<u>2004</u>
Assets		
Current and Other Assets	\$33,675,850	\$43,322,976
Capital Assets	<u>51,590,682</u>	<u>50,809,876</u>
Total Assets	<u>85,266,532</u>	<u>94,132,852</u>
Liabilities		
Long-Term Liabilities	43,322,601	39,778,962
Other Liabilities	<u>19,865,676</u>	<u>31,867,005</u>
Total Liabilities	<u>63,188,277</u>	<u>71,645,967</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	10,834,725	9,144,576
Restricted	4,763,056	5,104,223
Unrestricted	<u>6,480,474</u>	<u>8,238,086</u>
Total Net Assets	<u>\$22,078,255</u>	<u>\$22,486,885</u>

Total assets increased \$8,866,320. Equity in pooled cash and cash equivalents increased \$3,936,464. Taxes receivable increased \$6,451,466. Total liabilities increased \$8,457,690, resulting in a net asset decrease of \$408,630.

Over time, net assets can serve as a useful indicator of a government’s financial position. At June 30, 2004, the District’s assets exceeded liabilities by \$22,486,885.

At year-end, capital assets represented 53.98% of total assets. Capital assets include land, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2004, was \$9,144,576. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net assets, \$5,104,223, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Table 2 shows the change in net assets for fiscal year 2004 with comparisons to fiscal year 2003.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2003 (Restated)</u>	<u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,592,945	\$1,479,064
Operating Grants	1,861,353	1,298,339
Capital Grants	121,422	31,894
General Revenue:		
Property Taxes	23,662,406	21,349,774
Grants and Entitlements	12,717,708	13,189,791
Other	<u>602,870</u>	<u>226,130</u>
Total Revenues	<u>40,558,704</u>	<u>37,574,992</u>
Program Expenses:		
Instruction	18,652,714	19,815,982
Support Services:		
Pupil and Instructional Staff	2,577,753	2,568,768
General Administration, School		
Administration, Fiscal and Business	3,055,402	3,709,137
Operations and Maintenance	3,187,598	3,023,853
Pupil Transportation	2,396,177	2,534,200
Central	755,115	1,192,090
Operation of Non-Instructional Services	1,504,964	1,623,593
Extracurricular Activities	963,397	896,560
Interest and Fiscal Charges	<u>1,893,792</u>	<u>1,802,179</u>
Total Expenses	<u>34,986,912</u>	<u>37,166,362</u>
Increase in Net Assets	<u>5,571,792</u>	<u>408,630</u>
Beginning Net Assets	16,506,463	22,078,255
Ending Net Assets	<u>\$22,078,255</u>	<u>\$22,486,885</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 92% of the District's revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 57% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 53% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses including interest expense were 12%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2003 (Restated)</u>	<u>2004</u>	<u>2003 (Restated)</u>	<u>2004</u>
Instruction	\$18,652,714	\$19,815,982	(\$17,422,530)	(\$19,017,389)
Support Services:				
Pupil and Instructional Staff	2,577,753	2,568,768	(2,109,112)	(2,411,367)
General Administration, School Administration, Fiscal and Business	3,055,402	3,709,137	(3,055,352)	(3,691,442)
Operations and Maintenance	3,187,598	3,023,853	(3,187,598)	(3,023,493)
Pupil Transportation	2,396,177	2,534,200	(2,331,331)	(2,502,306)
Central	755,115	1,192,090	(711,988)	(1,149,242)
Operation of Non-Instructional Services	1,504,964	1,623,593	(110,213)	(261,822)
Extracurricular Activities	963,397	896,560	(589,276)	(497,825)
Interest and Fiscal Charges	<u>1,893,792</u>	<u>1,802,179</u>	<u>(1,893,792)</u>	<u>(1,802,179)</u>
Total Expenses	<u>\$34,986,912</u>	<u>\$37,166,362</u>	<u>(\$31,411,192)</u>	<u>(\$34,357,065)</u>

The District's Funds

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. As the major funds, the General Fund had \$30,342,119 in revenues and \$32,868,878 in expenditures. The General Fund balance decreased from \$8,960,730 to \$6,424,177. The Debt Service Fund had \$4,139,174 in revenues and \$4,094,705 in expenditures. The Debt Service Fund balance increased from \$4,282,740 to \$4,327,209. The Permanent Improvement Fund had \$80,697 in expenditures. The Permanent Improvement Fund balance decreased from \$1,810 to (\$78,887).

General Fund Budgeting Highlights

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

During the course of fiscal 2004, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$31,690,866, above original budget estimates of \$31,353,599. Of this \$337,267 difference, most was due to estimates for taxes and intergovernmental revenue.

The District's ending unobligated cash balance for the general fund was \$673,382 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$50,809,876 invested in land, buildings and equipment. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

	<u>Governmental Activities</u>	
	<u>2003 (Restated)</u>	<u>2004</u>
Land	\$1,436,356	\$1,436,356
Buildings and Improvements	48,374,177	47,277,723
Equipment	<u>1,780,149</u>	<u>2,095,797</u>
Total Net Assets	<u>\$51,590,682</u>	<u>\$50,809,876</u>

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

Debt

At June 30, 2004, the District had \$36,173,734 in bonds and notes payable outstanding, \$2,594,000 due within one year. Table 5 summarizes bonds and notes payable outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities <u>2003</u>	Governmental Activities <u>2004</u>
General Obligation Bonds Payable:		
1999 Bond Issue	\$1,700,000	\$1,600,000
1999 Bond Issue	<u>36,470,734</u>	<u>34,295,734</u>
Subtotal General Obligation Bonds Payable:	<u>38,170,734</u>	<u>35,895,734</u>
Notes Payable:		
2001 Note Issue	1,057,000	0
2002 Note Issue	291,000	278,000
2002 Note Issue	<u>90,000</u>	<u>0</u>
Subtotal Notes Payable	<u>1,438,000</u>	<u>278,000</u>
 Total Outstanding Debt at Year End	 <u>\$39,608,734</u>	 <u>\$36,173,734</u>

Detailed information relating to capital assets and debt is presented in the notes to the basic financial statements.

For the Future

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

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

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. Even though the District is projecting a slight decrease in enrollment, the need for increased revenues is projected for fiscal year 2004. This increased funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jill Manville at Loveland City School District, 757 South Lebanon Road, Loveland, Ohio 45140.

Loveland City School District
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$14,631,372
Restricted Cash and Investments	336,785
Receivables:	
Taxes	28,327,255
Accounts	275
Inventory	27,289
Nondepreciable Capital Assets	1,436,356
Depreciable Capital Assets, Net	<u>49,373,520</u>
 Total Assets	 <u>94,132,852</u>
Liabilities:	
Accounts Payable	183,496
Accrued Wages and Benefits	3,911,532
Accrued Interest Payable	76,155
Deferred Revenue	23,195,822
Tax Anticipation Notes Payable	4,500,000
Long-Term Liabilities:	
Due Within One Year	2,820,111
Due In More Than One Year	<u>36,958,851</u>
 Total Liabilities	 <u>71,645,967</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	9,144,576
Restricted for:	
Special Revenue	393,187
Debt Service	4,374,251
Set-Aside	336,785
Unrestricted	<u>8,238,086</u>
 Total Net Assets	 <u>\$22,486,885</u>

See accompanying notes to the basic financial statements.

Loveland City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$15,463,871	\$310,279	\$94,120	\$0	(\$15,059,472)
Special	3,503,845	0	333,803	0	(3,170,042)
Vocational	676,266	0	0	0	(676,266)
Other	172,000	3,446	56,945	0	(111,609)
Support Services:					
Pupil	1,245,841	0	81,118	0	(1,164,723)
Instructional Staff	1,322,927	0	76,283	0	(1,246,644)
General Administration	113,613	0	0	0	(113,613)
School Administration	2,548,614	17,682	13	0	(2,530,919)
Fiscal	867,669	0	0	0	(867,669)
Business	179,241	0	0	0	(179,241)
Operations and Maintenance	3,023,853	360	0	0	(3,023,493)
Pupil Transportation	2,534,200	0	0	31,894	(2,502,306)
Central	1,192,090	0	42,848	0	(1,149,242)
Operation of Non-Instructional Services	1,623,593	748,562	613,209	0	(261,822)
Extracurricular Activities	896,560	398,735	0	0	(497,825)
Interest and Fiscal Charges	1,802,179	0	0	0	(1,802,179)
Totals	\$37,166,362	\$1,479,064	\$1,298,339	\$31,894	(\$34,357,065)

General Revenues:

Property Taxes Levied for:

General Purposes	17,601,551
Debt Service Purposes	3,748,223
Grants and Entitlements not Restricted to Specific Programs	13,189,791
Unrestricted Contributions	800
Investment Earnings	174,877
Refunds and Reimbursements	42,458
Other Revenues	7,995

Total General Revenues and Transfers 34,765,695

Change in Net Assets 408,630

Net Assets Beginning of Year 22,078,255

Net Assets End of Year \$22,486,885

See accompanying notes to the basic financial statements.

Loveland City School District
 Balance Sheet
 Governmental Funds
 June 30, 2004

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$5,945,139	\$3,522,973	\$4,501,810	\$661,450	\$14,631,372
Restricted Cash and Investments	336,785	0	0	0	336,785
Receivables:					
Taxes	22,344,936	4,451,997	1,530,322	0	28,327,255
Accounts	275	0	0	0	275
Interfund	27,188	0	0	276	27,464
Inventory	0	0	0	27,289	27,289
Total Assets	28,654,323	7,974,970	6,032,132	689,015	43,350,440
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	102,451	0	80,697	348	183,496
Accrued Wages and Benefits	3,397,182	0	0	217,069	3,614,251
Compensated Absences	24,541	0	0	0	24,541
Interfund Payable	0	0	0	27,464	27,464
Deferred Revenue	18,705,972	3,647,761	1,530,322	0	23,884,055
Tax Anticipation Notes Payable	0	0	4,500,000	0	4,500,000
Total Liabilities	22,230,146	3,647,761	6,111,019	244,881	32,233,807
Fund Balances:					
Reserved for Encumbrances	0	0	163,748	5,990	169,738
Reserved for Inventory	0	0	0	27,289	27,289
Reserved for Property Tax Advances	3,638,964	804,236	0	0	4,443,200
Reserved for Set-Aside	336,785	0	0	0	336,785
Unreserved, Undesignated, Reported in:					
General Fund	2,448,428	0	0	0	2,448,428
Special Revenue Funds	0	0	0	410,855	410,855
Debt Service Funds	0	3,522,973	0	0	3,522,973
Capital Projects Funds	0	0	(242,635)	0	(242,635)
Total Fund Balances	6,424,177	4,327,209	(78,887)	444,134	11,116,633
Total Liabilities and Fund Balances	\$28,654,323	\$7,974,970	\$6,032,132	\$689,015	\$43,350,440

See accompanying notes to the basic financial statements.

Loveland City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2004

Total Governmental Fund Balance \$11,116,633

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. 50,809,876

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

Delinquent Property Taxes	<u>688,233</u>	
		688,233

In the statement of net assets interest payable is accrued when
 incurred, whereas in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (76,155)

Some liabilities reported in the statement of net assets do not
 require the use of current financial resources and therefore
 are not reported as liabilities in governmental funds.

Pension Obligation	(297,281)	
Compensated Absences	<u>(2,589,121)</u>	
		(2,886,402)

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (37,165,300)

Net Assets of Governmental Activities \$22,486,885

See accompanying notes to the basic financial statements.

Loveland City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$17,036,515	\$3,625,026	\$0	\$0	\$20,661,541
Tuition and Fees	313,019	0	0	0	313,019
Investment Earnings	172,464	0	0	2,413	174,877
Intergovernmental	12,763,091	514,148	0	1,614,648	14,891,887
Extracurricular Activities	0	0	0	312,232	312,232
Charges for Services	0	0	0	835,065	835,065
Other Revenues	57,030	0	0	12,971	70,001
Total Revenues	30,342,119	4,139,174	0	2,777,329	37,258,622
Expenditures:					
Current:					
Instruction:					
Regular	14,383,188	0	40,544	271,325	14,695,057
Special	2,785,408	0	0	542,265	3,327,673
Vocational	206,836	0	0	0	206,836
Other	172,000	0	0	0	172,000
Support Services:					
Pupil	1,216,261	0	0	21,298	1,237,559
Instructional Staff	1,044,045	0	0	287,279	1,331,324
General Administration	113,613	0	0	0	113,613
School Administration	2,450,394	18,678	0	0	2,469,072
Fiscal	830,129	38,199	0	0	868,328
Business	181,582	0	0	0	181,582
Operations and Maintenance	3,121,381	0	2,779	23,677	3,147,837
Pupil Transportation	2,628,621	0	0	0	2,628,621
Central	945,090	0	0	27,899	972,989
Operation of Non-Instructional Services	209,782	0	0	1,368,406	1,578,188
Extracurricular Activities	579,269	0	0	325,368	904,637
Capital Outlay	565,896	0	37,374	0	603,270
Debt Service:					
Principal Retirement	1,315,657	2,275,000	0	0	3,590,657
Interest and Fiscal Charges	119,726	1,762,828	0	0	1,882,554
Total Expenditures	32,868,878	4,094,705	80,697	2,867,517	39,911,797
Excess of Revenues Over (Under) Expenditures	(2,526,759)	44,469	(80,697)	(90,188)	(2,653,175)
Other Financing Sources (Uses):					
Transfers In	0	0	0	9,794	9,794
Transfers (Out)	(9,794)	0	0	0	(9,794)
Total Other Financing Sources (Uses)	(9,794)	0	0	9,794	0
Net Change in Fund Balance	(2,536,553)	44,469	(80,697)	(80,394)	(2,653,175)
Fund Balance Beginning of Year	8,960,730	4,282,740	1,810	524,528	13,769,808
Fund Balance End of Year	\$6,424,177	\$4,327,209	(\$78,887)	\$444,134	\$11,116,633

See accompanying notes to the basic financial statements.

Loveland City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance - Total Governmental Funds (\$2,653,175)

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

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

Capital assets used in governmental activities	1,103,888	
Depreciation Expense	<u>(1,884,694)</u>	(780,806)

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

Delinquent Property Taxes	688,233	
Intergovernmental	<u>(371,863)</u>	316,370

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 3,590,657

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 80,375

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

Pension Obligation	(108,729)	
Compensated Absences	<u>(36,062)</u>	(144,791)

Change in Net Assets of Governmental Activities \$408,630

See accompanying notes to the basic financial statements.

Loveland City School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2004

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$116,737</u>
Total Assets	<u><u>\$116,737</u></u>
Liabilities:	
Accounts Payable	275
Other Liabilities	<u>116,462</u>
Total Liabilities	<u><u>\$116,737</u></u>

See accompanying notes to the basic financial statements.

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**LOVELAND CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2004**

1. DESCRIPTION OF THE DISTRICT

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

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

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

REPORTING ENTITY

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

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

PAROCHIAL SCHOOLS

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

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

Jointly Governed Organizations:

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

Public Entity Risk Pools:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

FUND ACCOUNTING

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

Governmental Funds

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two fiduciary funds which are both agency funds. The student activities fund is used to account for the resources that belong to the various student groups in the District. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program. The Section 125 plan accounts for monies voluntarily withheld from employees on a pre-tax basis to reimburse employees for medical and dental expenses not covered by group insurance.

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

CASH AND CASH EQUIVALENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue (on governmental-wide statements) during fiscal year 2004 amounted to \$174,877.

INVENTORY

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

CAPITAL ASSETS

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

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

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

COMPENSATED ABSENCES

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

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

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

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

<u>Vacation</u> How Earned	<u>Certified</u> Not Eligible	<u>Administrators</u> 25-30 days per year or 2.08-2.50 per month	<u>Non-Certificated</u> 10-25 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	30 days Payoff up to 10 days/yr. unused earned	Double the maximum accumulated
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave</u> How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	325 days	325 days	325 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/3 paid upon retirement	1/3 paid upon retirement	1/3 paid upon retirement

NET ASSETS

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

INTERFUND ACTIVITY

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

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

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, property tax advances and set-asides. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.

- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

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

Deposits – At the year end, the carrying amount of the District's deposits was \$12,975,935. The bank balance of deposits was \$13,460,135 of which \$100,000 was covered by federal depository insurance. The remaining balance of \$13,360,135 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

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

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

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

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Money Market Fund*	\$0	\$0	\$0	\$56
Federal Agency Security	0	0	1,389,079	1,389,079
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>719,824</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$1,389,079</u>	<u>\$2,108,959</u>

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

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

5. PROPERTY TAXES

Real property taxes collected in 2004 were levied in April on the assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2004, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2004, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2004. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was \$3,638,964 for General Fund and \$804,236 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2004 operations. The amount available for advance at June 30, 2003 was \$4,859,432 for General Fund and \$1,116,340 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2003 operations.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$588,687,400
Public Utility Personal	11,537,520
Tangible Personal Property	<u>15,284,424</u>
Total	<u>\$615,509,344</u>

6. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts, intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
<i>Capital Assets not being depreciated:</i>				
Land	\$1,436,356	\$0	\$0	\$1,436,356
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	74,128,810	403,778	0	74,532,588
Equipment	<u>4,085,565</u>	<u>700,110</u>	<u>0</u>	<u>4,785,675</u>
Totals at Historical Cost	<u>\$79,650,731</u>	<u>\$1,103,888</u>	<u>\$0</u>	<u>\$80,754,619</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$25,754,633	\$1,500,232	\$0	\$27,254,865
Equipment	<u>2,305,416</u>	<u>384,462</u>	<u>0</u>	<u>2,689,878</u>
Total Accumulated Depreciation	<u>\$28,060,049</u>	<u>\$1,884,694</u>	<u>\$0</u>	<u>\$29,944,743</u>
Governmental Activities Capital Assets, Net	<u>\$51,590,682</u>	<u>(\$780,806)</u>	<u>\$0</u>	<u>\$50,809,876</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$795,161
Special	191,937
Vocational	525,443
Support Services:	
Pupil	320
Instructional Staff	17,500
School Administration	51,005
Fiscal	3,065
Business	1,170
Operations and Maintenance	9,383
Pupil Transportation	20,188
Central	239,661
Operation of Non-instructional Services	29,437
Extracurricular Expenditure	424
Total Depreciation Expense	<u>\$1,884,694</u>

8. NOTES PAYABLE

The District was liable during the fiscal year for a tax anticipation note payable presented below.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1</u>	<u>Issued (Retired)</u>	<u>Balance June 30</u>
Tax Anticipation	2.10%	6/01/04	6/01/05	\$0	\$4,500,000	\$4,500,000

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

9. LONG-TERM LIABILITIES

	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds and Notes Payable:						
Bond Issue 1999 4.84%	12/01/19	\$1,700,000	\$ 0	\$ 100,000	\$1,600,000	\$100,000
Bond Issue 1999 5.00%	12/01/24	36,470,734	0	2,175,000	34,295,734	2,480,000
Note Issue 2001 4.40%	05/01/04	1,057,000	0	1,057,000	0	0
Note Issue 2002 4.80%	12/01/17	291,000	0	13,000	278,000	14,000
Note Issue 2002 3.53%	05/01/04	<u>90,000</u>	<u>0</u>	<u>90,000</u>	<u>0</u>	<u>0</u>
Total General Obligation Bonds and Notes Payable		39,608,734	0	3,435,000	36,173,734	2,594,000
Compensated Absences		2,566,644	85,800	38,782	2,613,662	61,651
Capital Leases		<u>1,147,223</u>	<u>0</u>	<u>155,657</u>	<u>991,566</u>	<u>164,460</u>
Total Governmental Activities Long-Term Liabilities		<u>\$43,322,601</u>	<u>\$85,800</u>	<u>\$3,629,439</u>	<u>\$39,778,962</u>	<u>\$2,820,111</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations and Note Issues will be paid from the general fund.

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

Fiscal Year Ending June 30,	<u>General Obligation Bonds</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$2,580,000	\$1,704,477	\$4,284,477	\$14,000	\$13,595	\$27,595
2006	2,905,000	1,576,428	4,481,428	15,000	12,873	27,873
2007	1,060,000	1,432,028	2,492,028	15,000	12,101	27,101
2008	1,220,000	1,389,378	2,609,378	16,000	11,279	27,279
2009	543,514	2,185,033	2,728,547	17,000	10,433	27,433
2010-2014	7,197,220	8,504,088	15,701,308	100,000	38,100	138,100
2015-2019	8,910,000	3,978,673	12,888,673	101,000	10,383	111,383
2020-2024	9,050,000	2,057,350	11,107,350	0	0	0
2025	2,430,000	121,500	2,551,500	0	0	0
Totals	<u>\$35,895,734</u>	<u>\$22,948,955</u>	<u>\$58,844,689</u>	<u>\$278,000</u>	<u>\$108,764</u>	<u>\$386,764</u>

10. LEASES

CAPITAL LEASES

The District has a capital lease for a HVAC system.

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Long-Term Debt</u>
2005	\$215,016
2006	215,016
2007	215,016
2008	215,016
2009	215,016
2010	<u>71,672</u>
Total Minimum Lease Payments	1,146,752
Less: Amount Representing Interest	<u>(155,186)</u>
Present Value of Minimum Lease Payments	<u>\$991,566</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Buildings and improvements	\$1,650,000
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11. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$836,688, \$673,476, and \$577,764 respectively; 47% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002.

STATE TEACHERS RETIREMENT SYSTEM

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

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

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,025,348, \$1,982,736, and \$1,814,868 respectively; 83% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002.

12. POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$651,005 during the 2004 fiscal year. As of June 30, 2003 eligible benefit recipients totaled 108,294. For the fiscal year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000.

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

For the fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year, the minimum pay has been established at \$14,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$348,421 during the 2004 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2003, net health care costs paid by SERS were \$204,930,737.

13. CONTINGENT LIABILITIES

GRANTS

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2004.

LITIGATION

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

14. JOINTLY GOVERNED ORGANIZATIONS

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

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

15. RISK MANAGEMENT

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% co-insured. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the District contracted with Indiana Insurance for property insurance, Nationwide for fleet insurance and Nationwide Insurance for liability insurance coverage. Coverages provided by the above companies are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$76,542,339
Automobile Liability	2,000,000
Uninsured Motorists (\$500 deductible)	2,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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

16. INSURANCE PURCHASING POOL

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

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

17. STATE SCHOOL FUNDING DECISION

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

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

18. COMPLIANCE AND ACCOUNTABILITY

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Career Education	\$568
Management Information	6,383
Disadvantaged Pupil Impact Aid	7,080
Title VI - B Preschool	86,903
Title I	6,560
Title VI	18,899
Improving Teacher Quality	9,950
Capital Projects Funds:	
Permanent Improvement	78,887

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

19. FUND BALANCE RESERVES FOR SET-ASIDES

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

For fiscal year ended June 30, 2004, the District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2003	(\$382,125)	\$0	\$336,785
Current Year Set-aside Requirement	600,344	600,344	0
Qualified Disbursements	(268,785)	(2,311,044)	0
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,785</u>
Restricted Cash as of June 30, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,785</u>
Carried Forward as of June 30, 2004	<u>(\$50,566)</u>		

Qualifying disbursements for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks resulted in \$50,566 for carryover to offset textbook requirements in future years.

20. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2004, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	<u>\$27,188</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,794</u>
Nonmajor Governmental Funds:				
Public School	276	0	0	0
Athletic	0	14,707	0	0
Career Education	0	568	0	0
Food Services	0	12,189	0	0
Management Information	0	0	7,190	0
Disadvantaged Pupil Impact Aid	<u>0</u>	<u>0</u>	<u>2,604</u>	<u>0</u>
Total Nonmajor Governmental Funds	<u>276</u>	<u>27,464</u>	<u>9,794</u>	<u>0</u>
Total all funds	<u>\$27,464</u>	<u>\$27,464</u>	<u>\$9,794</u>	<u>\$9,794</u>

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

21. PRIOR YEAR DEFEASANCE OF DEBT

On April 1, 1999, the District issued \$43,140,734 in General Obligation Bonds with interest rates from 3.2% to 5.25% to advance refund \$13,145,000 of outstanding 1992 General Obligation Bonds with interest rates from 4.1% to 7.1%. The net proceeds were used to purchase U.S. Government Securities. Those Securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 general obligation bonds. As a result, the 1992 general obligation bonds are considered defeased and the liability for those bonds has been removed from the debt service fund. The amount of outstanding refunded debt at fiscal year-end was \$9,037,188.

22. PRIOR PERIOD ADJUSTMENT

The beginning net assets/fund balances/other liabilities of other governmental funds, enterprise and governmental activities have been adjusted for the correction to the capital assets detail, the reclassification of the enterprise fund (food service) to other governmental funds and the reclassification of the internal service fund (Section 125 plan) to agency funds as follows:

	Permanent	Other Governmental		Internal		Governmental
	<u>Improvement</u>	<u>Funds</u>	<u>Enterprise</u>	<u>Service</u>	<u>Agency</u>	<u>Activities</u>
June 30, 2003 Net Assets/Fund Balances/Other Liabilities, as previously stated	\$0	\$306,251	\$450,099	\$21,888	\$86,678	\$21,650,044
Fund Reclassification	0	220,087	(450,099)	(21,888)	21,888	428,211
Major Fund Reclassification	<u>1,810</u>	<u>(1,810)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2003 Net Assets/Fund Balances/Other Liabilities, as restated	<u>\$1,810</u>	<u>\$524,528</u>	<u>\$0</u>	<u>\$0</u>	<u>\$108,566</u>	<u>\$22,078,255</u>

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Loveland City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$18,062,685	\$18,256,983	\$18,256,983	\$0
Tuition and Fees	398,497	402,784	402,784	0
Investment Earnings	180,947	182,893	182,893	0
Intergovernmental	12,627,261	12,763,091	12,763,091	0
Other Revenues	84,209	85,115	85,115	0
Total Revenues	31,353,599	31,690,866	31,690,866	0
Expenditures:				
Current:				
Instruction:				
Regular	14,354,418	14,861,157	14,311,841	549,316
Special	2,878,409	3,122,852	2,869,871	252,981
Vocational	209,869	200,522	209,246	(8,724)
Other	172,512	136,355	172,000	(35,645)
Support Services:				
Pupil	1,241,398	1,463,781	1,237,716	226,065
Instructional Staff	1,018,096	985,381	1,015,076	(29,695)
General Administration	113,951	122,165	113,613	8,552
School Administration	2,443,259	2,328,672	2,436,012	(107,340)
Fiscal	826,528	761,166	824,076	(62,910)
Business	181,664	180,212	181,125	(913)
Operations and Maintenance	3,061,673	3,056,126	3,052,592	3,534
Pupil Transportation	2,634,146	2,601,289	2,626,333	(25,044)
Central	947,202	945,790	944,392	1,398
Operation of Non-Instructional Services	208,427	189,541	207,809	(18,268)
Extracurricular Activities	575,799	508,521	574,091	(65,570)
Capital Outlay	567,580	561,335	565,896	(4,561)
Debt Service:				
Principal Retirement	1,315,657	1,315,657	1,315,657	0
Interest and Fiscal Charges	123,996	119,726	119,726	0
Total Expenditures	32,874,584	33,460,248	32,777,072	683,176
Excess of Revenues Over (Under) Expenditures	(1,520,985)	(1,769,382)	(1,086,206)	683,176
Other financing sources (uses):				
Advances In	224,109	226,520	226,520	0
Advances (Out)	(39,159)	(39,043)	(39,043)	0
Transfers In	6,090	9,794	0	(9,794)
Transfers (Out)	(31,000)	(9,794)	(9,794)	0
Total Other Financing Sources (Uses)	160,040	187,477	177,683	(9,794)
Net Change in Fund Balance	(1,360,945)	(1,581,905)	(908,523)	673,382
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,190,194	7,190,194	7,190,194	0
Fund Balance End of Year	\$5,829,249	\$5,608,289	\$6,281,671	\$673,382

See accompanying notes to the required supplementary information.

LOVELAND CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2004

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2004.

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$2,536,553)
Net Adjustment for Revenue Accruals	2,683,148
Net Adjustment for Expenditure Accruals	(1,055,067)
Encumbrances	<u>(51)</u>
 Budget Basis	 <u>(\$908,523)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

SCHOOL BUILDING INCENTIVE: To account for monies, which are provided in conjunction with School Building Incentive Grant.

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

AMERICAN SIGN LANGUAGE: To account for monies, which are provided in conjunction with American Sign Language Grant.

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

NETWORK CONNECTIVITY: To account for data communications support.

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

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

SUMMER INTERVENTION: To account for summer remediation services.

VOCATIONAL EDUCATION: To account for the vocation education program.

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

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

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

TITLE III: To account for federal monies provided to support the District's ESL population.

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

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

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

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

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

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

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

Loveland City School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2004

	Nonmajor Special Revenue Funds
Assets:	
Equity in Pooled Cash and Investments	\$661,450
Interfund	276
Inventory	<u>27,289</u>
Total Assets	<u><u>689,015</u></u>
Liabilities and Fund Balances:	
Liabilities:	
Accounts Payable	348
Accrued Wages and Benefits	217,069
Interfund Payable	<u>27,464</u>
Total Liabilities	<u>244,881</u>
Fund Balances:	
Reserved for Encumbrances	5,990
Reserved for Inventory	27,289
Unreserved, Undesignated, Reported in: Special Revenue Funds	<u>410,855</u>
Total Fund Balances	<u>444,134</u>
Total Liabilities and Fund Balances	<u><u>\$689,015</u></u>

Loveland City School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds
Revenues:	
Investment Earnings	\$2,413
Intergovernmental	1,614,648
Extracurricular Activities	312,232
Charges for Services	835,065
Other Revenues	12,971
	<hr/>
Total Revenues	2,777,329
	<hr/>
Expenditures:	
Current:	
Instruction:	
Regular	271,325
Special	542,265
Support Services:	
Pupil	21,298
Instructional Staff	287,279
Operations and Maintenance	23,677
Central	27,899
Operation of Non-Instructional Services	1,368,406
Extracurricular Activities	325,368
	<hr/>
Total Expenditures	2,867,517
	<hr/>
Excess of Revenues Over (Under) Expenditu	(90,188)
	<hr/>
Other Financing Sources (Uses):	
Transfers In	9,794
	<hr/>
Total Other Financing Sources (Uses)	9,794
	<hr/>
Net Change in Fund Balance	(80,394)
	<hr/>
Fund Balance Beginning of Year	524,528
	<hr/>
Fund Balance End of Year	\$444,134
	<hr/> <hr/>

Loveland City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Public School	Learning Links	Athletic	Auxiliary Services	Career Education
Assets:					
Equity in Pooled Cash and Investments	\$93,971	\$3,922	\$137,196	\$82,292	\$0
Receivables:					
Interfund	276	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	94,247	3,922	137,196	82,292	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	260	0	88	0	0
Accrued Wages and Benefits	0	0	0	32,554	0
Interfund Payable	0	0	14,707	0	568
Total Liabilities	260	0	14,795	32,554	568
Fund Balances:					
Reserved for Encumbrances	0	0	0	5,644	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	93,987	3,922	122,401	44,094	(568)
Total Fund Balances	93,987	3,922	122,401	49,738	(568)
Total Liabilities and Fund Balances	\$94,247	\$3,922	\$137,196	\$82,292	\$0

Management Information	School Building Incentive	Entry Year Program	American Sign Language	Disadvantaged Pupil Impact Aid	Network Connectivity	School Net Professional Development
\$0	\$0	\$346	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	346	0	0	0	0
0	0	0	0	0	0	0
6,383	0	0	0	7,080	0	0
0	0	0	0	0	0	0
6,383	0	0	0	7,080	0	0
0	0	346	0	0	0	0
0	0	0	0	0	0	0
(6,383)	0	0	0	(7,080)	0	0
(6,383)	0	346	0	(7,080)	0	0
\$0	\$0	\$346	\$0	\$0	\$0	\$0

Continued

Loveland City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004

	Ohio Reads	Summer Intervention	Vocational Education	Safe School Hot Line	Title VI-B Preschool
Assets:					
Equity in Pooled Cash and Investments	\$0	\$0	\$0	\$0	\$0
Receivables:					
Interfund	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	0	0	0	0	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	86,903
Interfund Payable	0	0	0	0	0
Total Liabilities	0	0	0	0	86,903
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	0	0	0	(86,903)
Total Fund Balances	0	0	0	0	(86,903)
Total Liabilities and Fund Balances	\$0	\$0	\$0	\$0	\$0

Carl Perkins	Title III	Title I	Title VI	Drug Free Schools	EHA Preschool	Improving Teacher Quality
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	6,560	18,899	0	0	9,950
0	0	0	0	0	0	0
0	0	6,560	18,899	0	0	9,950
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	(6,560)	(18,899)	0	0	(9,950)
0	0	(6,560)	(18,899)	0	0	(9,950)
\$0	\$0	\$0	\$0	\$0	\$0	\$0

(continued)

Loveland City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Continuous Improvement Grant	Food Services	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$0	\$343,723	\$661,450
Receivables:			
Interfund	0	0	276
Inventory	0	27,289	27,289
Total Assets	0	371,012	689,015
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	0	348
Accrued Wages and Benefits	0	48,740	217,069
Interfund Payable	0	12,189	27,464
Total Liabilities	0	60,929	244,881
Fund Balances:			
Reserved for Encumbrances	0	0	5,990
Reserved for Inventory	0	27,289	27,289
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	282,794	410,855
Total Fund Balances	0	310,083	444,134
Total Liabilities and Fund Balances	\$0	\$371,012	\$689,015

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Loveland City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Public School	Learning Links	Athletic	Auxiliary Services	Career Education
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$775	\$0
Intergovernmental	0	29,802	0	441,325	0
Extracurricular Activities	187,278	0	124,954	0	0
Charges for Services	0	0	0	0	0
Other Revenues	9,046	0	200	0	0
Total Revenues	196,324	29,802	125,154	442,100	0
Expenditures:					
Current:					
Instruction:					
Regular	0	20,929	0	0	0
Special	0	618	0	0	0
Support Services:					
Pupil	0	3,356	0	0	0
Instructional Staff	0	10,000	0	0	0
Operations and Maintenance	0	22,440	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	418,319	0
Extracurricular Activities	194,330	0	131,038	0	0
Total Expenditures	194,330	57,343	131,038	418,319	0
Excess of Revenues Over (Under) Expenditures	1,994	(27,541)	(5,884)	23,781	0
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	1,994	(27,541)	(5,884)	23,781	0
Fund Balance Beginning of Year	91,993	31,463	128,285	25,957	(568)
Fund Balance End of Year	\$93,987	\$3,922	\$122,401	\$49,738	(\$568)

Management Information	School Building Incentive	Entry Year Program	American Sign Language	Disadvantaged Pupil Impact Aid	Network Connectivity	School Net Professional Development
\$0	\$0	\$0	\$0	\$0	\$0	\$0
15,203	0	6,600	0	25,946	18,000	4,140
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	3,725	0	0
15,203	0	6,600	0	29,671	18,000	4,140
0	14,835	6,254	487	0	0	0
0	0	0	0	33,281	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	7,382
0	0	0	0	0	0	0
342	0	0	0	0	18,000	0
28,954	0	0	0	0	0	0
0	0	0	0	0	0	0
29,296	14,835	6,254	487	33,281	18,000	7,382
(14,093)	(14,835)	346	(487)	(3,610)	0	(3,242)
7,190	0	0	0	2,604	0	0
7,190	0	0	0	2,604	0	0
(6,903)	(14,835)	346	(487)	(1,006)	0	(3,242)
520	14,835	0	487	(6,074)	0	3,242
(\$6,383)	\$0	\$346	\$0	(\$7,080)	\$0	\$0

Continued

Loveland City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Ohio Reads	Summer Intervention	Vocational Education	Safe School Hot Line	Title VI-B Preschool
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	6,000	74,718	4,124	6,846	464,601
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	6,000	74,718	4,124	6,846	464,601
Expenditures:					
Current:					
Instruction:					
Regular	0	74,718	4,124	2,275	0
Special	0	0	0	0	281,080
Support Services:					
Pupil	0	0	0	3,334	1,011
Instructional Staff	6,000	0	0	0	244,612
Operations and Maintenance	0	0	0	1,237	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	20,091
Extracurricular Activities	0	0	0	0	0
Total Expenditures	6,000	74,718	4,124	6,846	546,794
Excess of Revenues Over (Under) Expenditures	0	0	0	0	(82,193)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	0	0	0	0	(82,193)
Fund Balance Beginning of Year	0	0	0	0	(4,710)
Fund Balance End of Year	\$0	\$0	\$0	\$0	(\$86,903)

Carl Perkins	Title III	Title I	Title VI	Drug Free Schools	EHA Preschool	Improving Teacher Quality
\$0	\$0	\$0	\$0	\$0	\$0	\$0
6,179	10,506	186,555	26,538	14,005	13,162	109,519
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6,179	10,506	186,555	26,538	14,005	13,162	109,519
6,179	0	0	3,633	18,396	0	119,495
0	10,506	186,628	30,152	0	0	0
0	0	0	435	0	13,162	0
0	0	9,925	400	0	0	8,960
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	7,876	487	0	0
0	0	0	0	0	0	0
6,179	10,506	196,553	42,496	18,883	13,162	128,455
0	0	(9,998)	(15,958)	(4,878)	0	(18,936)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	(9,998)	(15,958)	(4,878)	0	(18,936)
0	0	3,438	(2,941)	4,878	0	8,986
\$0	\$0	(\$6,560)	(\$18,899)	\$0	\$0	(\$9,950)

(continued)

Loveland City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Continuous Improvement Grant	Food Services	Total Nonmajor Special Revenue Funds
Revenues:			
Investment Earnings	\$0	\$1,638	\$2,413
Intergovernmental	4,907	145,972	1,614,648
Extracurricular Activities	0	0	312,232
Charges for Services	0	835,065	835,065
Other Revenues	0	0	12,971
Total Revenues	4,907	982,675	2,777,329
Expenditures:			
Current:			
Instruction:			
Regular	0	0	271,325
Special	0	0	542,265
Support Services:			
Pupil	0	0	21,298
Instructional Staff	0	0	287,279
Operations and Maintenance	0	0	23,677
Central	9,557	0	27,899
Operation of Non-Instructional Services	0	892,679	1,368,406
Extracurricular Activities	0	0	325,368
Total Expenditures	9,557	892,679	2,867,517
Excess of Revenues Over (Under) Expenditures	(4,650)	89,996	(90,188)
Other Financing Sources (Uses):			
Transfers In	0	0	9,794
Total Other Financing Sources (Uses)	0	0	9,794
Net Change in Fund Balance	(4,650)	89,996	(80,394)
Fund Balance Beginning of Year	4,650	220,087	524,528
Fund Balance End of Year	\$0	\$310,083	\$444,134

Loveland City School District
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2004

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$86,953	\$6,468	\$0	\$93,421
Total Assets	86,953	6,468	0	93,421
Liabilities:				
Accounts Payable	275	0	0	275
Other Liabilities	86,678	6,468	0	93,146
Total Liabilities	\$86,953	\$6,468	\$0	\$93,421

	Section 125 Plan			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$21,888	\$1,428	\$0	\$23,316
Total Assets	21,888	1,428	0	23,316
Liabilities:				
Other Liabilities	21,888	1,428	0	23,316
Total Liabilities	\$21,888	\$1,428	\$0	\$23,316

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$108,841	\$7,896	\$0	\$116,737
Total Assets	108,841	7,896	0	116,737
Liabilities:				
Accounts Payable	275	0	0	275
Other Liabilities	108,566	7,896	0	116,462
Total Liabilities	\$108,841	\$7,896	\$0	\$116,737

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Public School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$197,801	\$190,600	\$187,278	(\$3,322)
Other Revenues	9,554	17,600	9,046	(8,554)
Total Revenues	207,355	208,200	196,324	(11,876)
Expenditures:				
Current:				
Extracurricular Activities	298,492	299,919	194,072	105,847
Total Expenditures	298,492	299,919	194,072	105,847
Excess of Revenues Over (Under) Expenditures	(91,137)	(91,719)	2,252	93,971
Other financing sources (uses):				
Advances In	845	0	800	800
Advances (Out)	(1,793)	(366)	(1,166)	(800)
Total Other Financing Sources (Uses)	(948)	(366)	(366)	0
Net Change in Fund Balance	(92,085)	(92,085)	1,886	93,971
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	92,085	92,085	92,085	0
Fund Balance End of Year	\$0	\$0	\$93,971	\$93,971

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Learning Links Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$22,440	\$29,802	\$29,802	\$0
Total Revenues	22,440	29,802	29,802	0
Expenditures:				
Current:				
Instruction:				
Regular	19,672	24,850	20,927	3,923
Special	581	618	618	0
Support Services:				
Pupil	3,155	3,356	3,356	0
Instructional Staff	9,400	10,000	10,000	0
Operations and Maintenance	21,094	22,440	22,440	0
Total Expenditures	53,902	61,264	57,341	3,923
Net Change in Fund Balance	(31,462)	(31,462)	(27,539)	3,923
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	31,462	31,462	31,462	0
Fund Balance End of Year	\$0	\$0	\$3,923	\$3,923

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Athletic Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$156,747	\$156,950	\$154,671	(\$2,279)
Other Revenues	203	0	200	200
Total Revenues	156,950	156,950	154,871	(2,079)
Expenditures:				
Current:				
Extracurricular Activities	150,000	150,000	130,950	19,050
Total Expenditures	150,000	150,000	130,950	19,050
Net Change in Fund Balance	6,950	6,950	23,921	16,971
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	113,275	113,275	113,275	0
Fund Balance End of Year	\$120,225	\$120,225	\$137,196	\$16,971

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$735	\$1,000	\$775	(\$225)
Intergovernmental	418,611	441,325	441,325	0
Total Revenues	419,346	442,325	442,100	(225)
Expenditures:				
Current:				
Operation of Non-Instructional Services	490,937	512,916	437,043	75,873
Total Expenditures	490,937	512,916	437,043	75,873
Net Change in Fund Balance	(71,591)	(70,591)	5,057	75,648
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	71,591	71,591	71,591	0
Fund Balance End of Year	\$0	\$1,000	\$76,648	\$75,648

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

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

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$42,285	\$15,203	\$15,203	\$0
Total Revenues	42,285	15,203	15,203	0
Expenditures:				
Current:				
Support Services:				
Central	52,223	28,953	28,953	0
Total Expenditures	52,223	28,953	28,953	0
Excess of Revenues Over (Under) Expenditures	(9,938)	(13,750)	(13,750)	0
Other financing sources (uses):				
Advances In	30,663	17,000	17,000	0
Advances (Out)	(47,283)	(17,000)	(17,000)	0
Transfers In	19,998	7,190	7,190	0
Total Other Financing Sources (Uses)	3,378	7,190	7,190	0
Net Change in Fund Balance	(6,560)	(6,560)	(6,560)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,560	6,560	6,560	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	School Building Incentive Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	14,835	14,835	14,835	0
Total Expenditures	14,835	14,835	14,835	0
Net Change in Fund Balance	(14,835)	(14,835)	(14,835)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,835	14,835	14,835	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Entry Year Program Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,600	\$6,600	\$6,600	\$0
Total Revenues	6,600	6,600	6,600	0
Expenditures:				
Current:				
Instruction:				
Regular	6,600	6,600	6,600	0
Total Expenditures	6,600	6,600	6,600	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	American Sign Language Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	487	487	487	0
Total Expenditures	487	487	487	0
Net Change in Fund Balance	(487)	(487)	(487)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	487	487	487	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Disadvantaged Pupil Impact Aid Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$29,797	\$25,946	\$25,946	\$0
Other Revenues	4,277	3,724	3,724	0
Total Revenues	34,074	29,670	29,670	0
Expenditures:				
Current:				
Instruction:				
Special	37,825	33,034	33,034	0
Total Expenditures	37,825	33,034	33,034	0
Excess of Revenues Over (Under) Expenditures	(3,751)	(3,364)	(3,364)	0
Other financing sources (uses):				
Transfers In	2,992	2,605	2,605	0
Total Other Financing Sources (Uses)	2,992	2,605	2,605	0
Net Change in Fund Balance	(759)	(759)	(759)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	759	759	759	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

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

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,140	\$4,140	\$0
Total Revenues	0	4,140	4,140	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	3,242	7,382	7,382	0
Total Expenditures	3,242	7,382	7,382	0
Net Change in Fund Balance	(3,242)	(3,242)	(3,242)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,242	3,242	3,242	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$4,000	\$6,000	\$6,000	\$0
Total Revenues	4,000	6,000	6,000	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	4,000	6,000	6,000	0
Total Expenditures	4,000	6,000	6,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$74,718	\$74,718	\$0
Total Revenues	0	74,718	74,718	0
Expenditures:				
Current:				
Instruction:				
Regular	0	74,718	74,718	0
Total Expenditures	0	74,718	74,718	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Vocational Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$5,375	\$4,124	\$4,124	\$0
Total Revenues	5,375	4,124	4,124	0
Expenditures:				
Current:				
Instruction:				
Regular	5,375	4,124	4,124	0
Total Expenditures	5,375	4,124	4,124	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Safe School Hot Line Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,846	\$6,846	\$0
Total Revenues	0	6,846	6,846	0
Expenditures:				
Current:				
Instruction:				
Regular	0	2,275	2,275	0
Support Services:				
Pupil	0	3,334	3,334	0
Operations and Maintenance	0	1,237	1,237	0
Total Expenditures	0	6,846	6,846	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Title VI-B Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$661,294	\$554,290	\$554,290	\$0
Total Revenues	661,294	554,290	554,290	0
Expenditures:				
Current:				
Instruction:				
Special	262,531	221,816	221,816	0
Support Services:				
Pupil	1,197	1,011	1,011	0
Instructional Staff	290,812	245,711	245,711	0
Operation of Non-Instructional Services	23,779	20,091	20,091	0
Total Expenditures	578,319	488,629	488,629	0
Excess of Revenues Over (Under) Expenditures	82,975	65,661	65,661	0
Other financing sources (uses):				
Advances (Out)	(107,003)	(89,689)	(89,689)	0
Total Other Financing Sources (Uses)	(107,003)	(89,689)	(89,689)	0
Net Change in Fund Balance	(24,028)	(24,028)	(24,028)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,028	24,028	24,028	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

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

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,151	\$10,506	\$10,506	\$0
Total Revenues	7,151	10,506	10,506	0
Expenditures:				
Current:				
Instruction:				
Special	7,151	10,506	10,506	0
Total Expenditures	7,151	10,506	10,506	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Other financing sources (uses):				
Advances In	851	1,250	1,250	0
Advances (Out)	(851)	(1,250)	(1,250)	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$206,857	\$199,773	\$199,773	\$0
Total Revenues	206,857	199,773	199,773	0
Expenditures:				
Current:				
Instruction:				
Special	198,484	192,194	192,194	0
Support Services:				
Instructional Staff	10,250	9,925	9,925	0
Total Expenditures	208,734	202,119	202,119	0
Excess of Revenues Over (Under) Expenditures	(1,877)	(2,346)	(2,346)	0
Other financing sources (uses):				
Advances (Out)	(13,687)	(13,218)	(13,218)	0
Total Other Financing Sources (Uses)	(13,687)	(13,218)	(13,218)	0
Net Change in Fund Balance	(15,564)	(15,564)	(15,564)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,564	15,564	15,564	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$86,555	\$47,929	\$47,929	\$0
Total Revenues	86,555	47,929	47,929	0
Expenditures:				
Current:				
Instruction:				
Regular	5,876	3,633	3,633	0
Special	36,058	22,293	22,293	0
Support Services:				
Pupil	704	435	435	0
Instructional Staff	647	400	400	0
Operation of Non-Instructional Services	12,739	7,876	7,876	0
Total Expenditures	56,024	34,637	34,637	0
Excess of Revenues Over (Under) Expenditures	30,531	13,292	13,292	0
Other financing sources (uses):				
Advances (Out)	(38,630)	(21,391)	(21,391)	0
Total Other Financing Sources (Uses)	(38,630)	(21,391)	(21,391)	0
Net Change in Fund Balance	(8,099)	(8,099)	(8,099)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,099	8,099	8,099	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$21,134	\$17,204	\$17,204	\$0
Total Revenues	21,134	17,204	17,204	0
Expenditures:				
Current:				
Instruction:				
Regular	21,512	18,396	18,396	0
Support Services:				
Operation of Non-Instructional Services	570	487	487	0
Total Expenditures	22,082	18,883	18,883	0
Excess of Revenues Over (Under) Expenditures	(948)	(1,679)	(1,679)	0
Other financing sources (uses):				
Advances (Out)	(3,930)	(3,199)	(3,199)	0
Total Other Financing Sources (Uses)	(3,930)	(3,199)	(3,199)	0
Net Change in Fund Balance	(4,878)	(4,878)	(4,878)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,878	4,878	4,878	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	EHA Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$215,258	\$22,582	\$22,582	\$0
Total Revenues	215,258	22,582	22,582	0
Expenditures:				
Current:				
Support Services:				
Pupil	125,464	13,162	13,162	0
Total Expenditures	125,464	13,162	13,162	0
Excess of Revenues Over (Under) Expenditures	89,794	9,420	9,420	0
Other financing sources (uses):				
Advances In	102,882	10,793	10,793	0
Advances (Out)	(192,676)	(20,213)	(20,213)	0
Total Other Financing Sources (Uses)	(89,794)	(9,420)	(9,420)	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Improving Teacher Quality Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$219,232	\$154,986	\$154,986	\$0
Total Revenues	219,232	154,986	154,986	0
Expenditures:				
Current:				
Instruction:				
Regular	176,828	134,269	134,269	0
Support Services:				
Instructional Staff	11,800	8,960	8,960	0
Total Expenditures	188,628	143,229	143,229	0
Excess of Revenues Over (Under) Expenditures	30,604	11,757	11,757	0
Other financing sources (uses):				
Advances (Out)	(64,314)	(45,467)	(45,467)	0
Total Other Financing Sources (Uses)	(64,314)	(45,467)	(45,467)	0
Net Change in Fund Balance	(33,710)	(33,710)	(33,710)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,710	33,710	33,710	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Continuous Improvement Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$16,832	\$9,625	\$9,625	\$0
Total Revenues	16,832	9,625	9,625	0
Expenditures:				
Current:				
Support Services:				
Central	13,224	9,557	9,557	0
Total Expenditures	13,224	9,557	9,557	0
Excess of Revenues Over (Under) Expenditures	3,608	68	68	0
Other financing sources (uses):				
Advances (Out)	(8,268)	(4,728)	(4,728)	0
Total Other Financing Sources (Uses)	(8,268)	(4,728)	(4,728)	0
Net Change in Fund Balance	(4,660)	(4,660)	(4,660)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,660	4,660	4,660	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Food Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,465	\$1,643	\$1,643	\$0
Intergovernmental	105,112	117,910	117,910	0
Charges for Services	744,424	835,065	835,065	0
Total Revenues	851,001	954,618	954,618	0
Expenditures:				
Current:				
Support Services:				
Operation of Non-Instructional Services	915,074	915,074	858,745	56,329
Total Expenditures	915,074	915,074	858,745	56,329
Net Change in Fund Balance	(64,073)	39,544	95,873	56,329
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	247,849	247,849	247,849	0
Fund Balance End of Year	\$183,776	\$287,393	\$343,722	\$56,329

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Debt Service Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$3,770,880	\$3,937,130	\$3,937,130	\$0
Intergovernmental	492,437	514,148	514,148	0
Total Revenues	4,263,317	4,451,278	4,451,278	0
Expenditures:				
Current:				
Support Services:				
School Administration	18,669	18,678	18,678	0
Fiscal	38,181	38,199	38,199	0
Debt Service:				
Principal Retirement	2,275,000	2,275,000	2,275,000	0
Interest and Fiscal Charges	1,760,977	1,762,828	1,762,828	0
Total Expenditures	4,092,827	4,094,705	4,094,705	0
Net Change in Fund Balance	170,490	356,573	356,573	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,166,400	3,166,400	3,166,400	0
Fund Balance End of Year	\$3,336,890	\$3,522,973	\$3,522,973	\$0

Loveland City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	310,000	244,444	65,556
Total Expenditures	0	310,000	244,444	65,556
Excess of Revenues Over (Under) Expenditures	0	(310,000)	(244,444)	65,556
Other financing sources (uses):				
Proceeds of Short-Term Notes	0	4,500,000	4,500,000	0
Total Other Financing Sources (Uses)	0	4,500,000	4,500,000	0
Net Change in Fund Balance	0	4,190,000	4,255,556	65,556
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,809	1,809	1,809	0
Fund Balance End of Year	<u>\$1,809</u>	<u>\$4,191,809</u>	<u>\$4,257,365</u>	<u>\$65,556</u>

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

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Taxes	\$7,694,423	\$8,439,958	\$10,821,052	\$10,862,965	\$13,883,486	\$13,171,221	\$15,235,977	\$17,202,208	\$19,474,619	\$17,036,515
Intergovernmental	5,954,048	6,271,122	6,353,117	7,209,493	8,221,555	8,522,170	10,013,853	11,779,910	12,328,143	12,763,091
Investment	153,450	174,446	123,289	245,418	279,688	152,556	65,787	78,926	379,650	172,464
Tuition and Fees	110,996	115,292	141,246	157,186	167,470	191,408	213,793	378,214	461,584	313,019
Other Revenues	51,778	39,811	68,263	137,581	63,119	127,832	142,154	25,430	218,073	57,030
Total Revenues	\$13,964,695	\$15,040,629	\$17,506,967	\$18,612,643	\$22,615,318	\$22,165,187	\$25,671,564	\$29,464,688	\$32,862,069	\$30,342,119

Source: Loveland City School District records

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

TABLE 2

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

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Regular Instruction	\$7,981,093	\$8,340,528	\$9,021,872	\$9,829,515	\$10,224,345	\$11,382,133	\$11,481,667	\$12,639,093	\$13,503,469	\$14,383,188
Special Instruction	898,543	1,050,389	1,266,618	1,554,854	1,703,951	1,782,590	2,024,874	2,452,330	2,857,529	2,785,408
Vocational Instruction	377,703	393,595	430,913	450,171	452,039	338,265	308,437	267,978	228,110	206,836
Other Instruction	0	0	0	0	27,102	81,805	114,394	106,411	140,821	172,000
Pupil	619,918	659,166	673,832	836,350	863,860	947,358	1,166,316	1,198,995	1,315,823	1,216,261
Instructional Staff	250,801	255,443	253,983	282,385	292,553	537,569	710,735	801,320	931,107	1,044,045
General Administration	25,996	36,752	38,980	52,313	68,693	71,143	75,350	129,904	167,305	113,613
School Administration	1,041,990	1,148,684	1,285,688	965,049	1,633,797	1,337,634	1,530,137	1,671,260	2,019,716	2,450,394
Fiscal	310,491	332,930	368,221	435,314	566,339	565,332	651,708	720,597	754,696	830,129
Business	175,215	190,881	238,900	240,643	331,390	158,147	142,304	153,372	168,539	181,582
Operations and Maintenance	1,279,369	1,490,321	1,455,882	1,833,557	1,970,441	1,950,989	2,337,937	2,741,794	3,126,398	3,121,381
Pupil Transportation	1,134,711	1,034,998	1,011,140	1,071,311	1,868,038	2,006,894	2,087,218	2,285,470	2,523,219	2,628,621
Central	86,429	127,575	394,136	282,408	228,734	505,591	486,114	757,203	833,589	945,090
Operation of Non-Instructional Services	0	0	0	0	0	115,404	175,153	184,663	183,734	209,782
Extracurricular Activities	136,196	166,401	162,352	193,626	220,508	423,779	506,647	557,096	602,915	579,269
Capital Outlay	24,165	11,975	16,306	14,026	100	1,650,000	0	108,663	0	565,896
Debt Service	0	0	62,500	130,204	0	161,262	197,994	264,194	218,458	1,435,383
Total Expenditures	\$14,342,620	\$15,239,638	\$16,681,323	\$18,171,726	\$20,451,890	\$24,015,895	\$23,996,985	\$27,040,343	\$29,575,428	\$32,868,878

Source: Loveland City School District records

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

TABLE 3

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

Collection Year	Tax Levied (2)	Current Tax Collections (3)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent Of Total Collections To Levy	Outstanding Delinquent Taxes (4)	Percent of Outstanding Delinquent Taxes To Tax Levied
1995	\$7,078,351	\$6,693,896	94.97%	\$188,627	\$6,882,523	97.23%	\$207,529	2.93%
1996	7,115,710	6,755,499	94.94%	141,058	6,896,557	96.92%	230,110	3.23%
1997	13,036,017	12,525,568	96.08%	261,768	12,787,336	98.09%	310,211	2.38%
1998	13,486,817	13,060,591	96.84%	243,934	13,304,525	98.65%	364,283	2.70%
1999	16,966,396	16,131,988	95.08%	326,805	16,458,793	97.01%	556,871	3.28%
2000	18,442,065	17,421,821	94.47%	440,710	17,862,531	96.86%	469,069	2.54%
2001	22,353,756	21,277,501	95.19%	476,070	21,753,571	97.32%	617,681	2.76%
2002	22,900,683	20,633,779	90.10%	570,869	21,204,448	92.59%	618,233	2.70%
2003	24,064,622	22,877,552	95.07%	532,710	23,410,262	97.28%	588,981	2.45%
2004	24,247,024	23,385,501	96.45%	635,931	24,021,432	99.07%	96,826	0.40%

Source: Hamilton, Clermont, and Warren County Auditors.

- (1) Information from 1995 through 1996 was not available from the Clermont County Auditor, with the exception of Total Tax Collections.
- (2) Taxes levied and collected are presented on a cash basis.
- (3) State reimbursements of rollback and homestead exemptions are included.
- (4) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

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

TABLE 4

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	Ratio (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1995	\$288,692,490	\$824,835,685	\$14,122,218	\$56,488,872	\$14,750,130	\$18,437,662	\$899,762,219	35.29%
1996	310,977,660	888,507,600	16,932,573	67,730,292	15,283,010	19,103,762	975,341,654	35.19%
1997	359,013,820	1,025,753,771	18,125,788	72,503,152	16,151,890	20,189,862	1,118,446,785	35.16%
1998 (3)	376,071,340	1,074,489,542	17,956,915	71,827,660	15,568,740	19,460,925	1,165,778,127	35.14%
1999	404,859,700	1,156,742,000	18,737,560	74,950,240	21,983,070	27,478,837	1,259,171,077	35.39%
2000	473,423,150	1,352,637,572	18,492,899	73,971,596	16,213,910	20,762,873	1,447,372,041	35.11%
2001	493,750,330	1,410,715,228	19,102,170	76,408,680	15,183,670	19,474,716	1,506,598,624	35.05%
2002	513,115,990	1,466,045,685	16,917,640	67,670,560	10,635,170	13,654,969	1,547,371,214	34.94%
2003	572,677,040	1,636,220,114	19,153,180	57,994,537	11,230,160	14,037,700	1,708,252,351	35.30%
2004	588,687,400	1,681,964,000	15,284,424	61,137,696	11,537,520	14,421,900	1,757,523,596	35.02%

Source: Hamilton, Clermont and Warren County Auditors.

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

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

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

TABLE 5

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

Entity	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Loveland City School District	\$69.74	\$70.14	\$70.14	\$69.99	\$63.56	\$64.21	\$59.58	\$60.14	\$55.44	\$56.13
Hamilton County	21.51	21.87	21.47	19.92	20.83	19.54	19.01	19.44	18.30	18.30
City of Loveland	11.72	12.00	12.00	9.76	9.78	10.00	10.00	10.00	10.00	10.00
Symmes Township	13.45	13.45	11.75	11.75	11.75	11.90	11.00	11.00	11.00	11.00
Great Oaks Joint Vocational School	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Warren County	6.53	6.53	4.00	4.00	4.00	4.75	5.00	5.00	6.57	6.57
Clermont County	9.35	8.6	9.35	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Goshen Township	21.60	21.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Miami Township	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	18.60	17.10

Source: Hamilton, Clermont and Warren County Auditors.

TABLE 6

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

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (Including Notes)	Less Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
1994	9,930	\$287,868,131	\$16,155,000	\$620,225	\$15,534,775	5.40%	\$1,564
1995	12,882	317,564,838	15,780,000	813,275	14,966,725	4.71%	1,162
1996	12,882	343,193,243	15,110,000	1,010,680	14,099,320	4.11%	1,094
1997	12,882	400,291,498	14,365,000	1,459,936	12,905,064	3.22%	1,002
1998 (4)	12,882	409,596,995	13,683,000	1,476,129	12,206,871	2.98%	948
1999	12,882	445,580,330	45,140,734	23,311,701	21,829,033	4.90%	1,695
2000	12,882	508,129,959	43,520,734	3,153,135	40,367,599	7.94%	3,134
2001	11,677	528,036,170	41,965,734	3,328,936	38,636,798	7.32%	3,309
2002	11,677	540,668,800	41,551,734	3,533,335	38,018,399	7.03%	3,256
2003	11,677	603,060,380	39,608,734	4,282,740	35,325,994	5.86%	3,025
2004	11,677	615,509,344	36,173,734	4,327,209	31,846,525	5.17%	2,727

Sources:

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

Assessed Valuation of District		<u>\$615,509,344</u>
<u>Overall Direct Debt Limitation</u>		
Direct debt limitation		
9% of assessed valuation		\$55,395,841
Amount available in Debt Service Fund		4,327,209
Gross indebtedness	\$36,173,734	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 9% limitation		<u>(36,173,734)</u>
Legal debt margin within 9% limitation		<u>\$23,549,316</u>
<u>Unvoted Direct Debt Limitation</u>		
Unvoted debt limitation		
0.1% of assessed valuation		\$615,509
Amount available in Debt Service Fund related to unvoted debt		0
Gross indebtedness authorized by the Board	0	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$615,509</u>
<u>Energy Conservation Bond Limitation</u>		
Ohio Revised Code Section 133.042		
Debt limitation		
0.9% of assessed valuation		\$5,539,584
Energy conservation notes authorized by the Board		<u>0</u>
Legal debt margin within 0.9% limitation		<u>\$5,539,584</u>

Source: Loveland City School District records.

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District (1)</u>	<u>Amount Applicable to District</u>
Direct:			
Loveland City School District	<u>\$35,895,734</u>	100.00%	<u>\$35,895,734</u>
Overlapping:			
Clermont County	\$31,209,980	7.42%	\$2,315,781
Hamilton County	115,475,000	1.77%	2,043,908
Warren County	3,771,025	0.18%	6,788
City of Loveland	6,990,992	89.36%	6,247,150
Goshen Township	2,850,000	6.92%	197,220
Miami Township	995,000	25.77%	256,412
Symmes Township	2,520,000	27.94%	704,088
Great Oaks Joint Vocational S/D	<u>5,310,000</u>	3.59%	<u>190,629</u>
Total overlapping:	<u>\$169,121,997</u>		<u>\$11,961,976</u>
Total direct and overlapping debt:	<u>\$205,017,731</u>		<u>\$47,857,710</u>

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

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

TABLE 9

<u>Fiscal Year (1)</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (%)</u>
1995	\$1,672,886	\$14,342,620	11.66%
1996	1,661,161	15,239,638	10.90%
1997	1,648,069	16,681,323	9.88%
1998	1,493,226	18,171,726	8.22%
1999	1,536,542	20,410,282	7.53%
2000	3,662,997	24,015,895	15.25%
2001	3,545,493	23,996,985	14.77%
2002	3,703,508	27,040,343	13.70%
2003	3,876,143	29,575,428	13.11%
2004	4,037,828	32,868,878	12.28%

Source: Loveland City School District records.

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

	<u>1995-1999</u>	<u>2000-2004</u>
Population	12,882	11,677
Households	4,463	4,497
Average Household Income	\$54,299	\$52,738
Average Home Value	\$109,694	\$134,000
Population by Education		
Completed 4+ Years of College	1,693	2,624
Occupation		
White Collar Workers	4,214	*
Blue Collar Workers	1,458	*

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

* Information not available

Calendar Year	Construction (1)	Bank Deposits (2) (in Thousands)	Property Values (3)
1995	\$7,999,000	\$17,301,493	\$288,692,490
1996	11,834,000	18,661,138	310,977,660
1997	885,000	21,598,936	359,013,820
1998	10,797,000	18,070,437	376,071,340
1999	20,000,000	24,305,322	404,859,700
2000	15,000,000	41,302,569	508,129,959
2001	7,519,000	78,562,782	528,036,170
2002	4,000,000	133,726,320	540,668,800
2003	13,268,000	149,280,002	603,060,380
2004	13,268,000	149,280,002	615,509,344

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

Loveland City School District
 Real Property
 Top Ten Principal Taxpayers
 June 30, 2004

TABLE 12

Name of Taxpayer	Real Property	% of Total Assessed Valuation
CINERGY	\$4,329,160	0.72%
Arrowhead Apartments Ltd.	2,729,050	0.45%
Clermont Golf Ltd.	2,379,990	0.39%
Deer Ridge Partners Ltd	1,887,100	0.31%
Zicka Properties	1,848,620	0.31%
Loveland-Pierce Ltd	1,365,000	0.23%
Cincinnati Bell	1,352,340	0.22%
Robert McCabe Real Estate Group	1,338,370	0.22%
Kossman-Loveland-Madeira	1,029,980	0.18%
Loveland Properties	921,460	0.15%
	<u>\$19,181,070</u>	<u>3.49%</u>

Source: Hamilton, Clermont and Warren County Auditors.

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2003-04	256	356	314	303	316	335	359	322	342	319	280	303	293	4,098
The following are projections:														
2004-05	361	298	290	309	316	321	325	360	334	357	333	284	271	4,159
2005-06	360	297	289	291	327	321	329	325	371	335	365	321	266	4,197
2006-07	358	296	288	291	308	332	329	330	335	372	342	351	300	4,232
2007-08	357	295	288	290	307	313	340	330	339	336	379	329	329	4,232
2008-09	355	295	290	288	290	303	310	342	332	335	335	375	320	4,170
2009-10	350	352	291	285	284	285	298	305	337	324	330	330	369	4,140
2010-11	355	290	295	291	285	285	285	285	290	300	310	320	330	3,921
2011-12	331	283	281	289	288	298	305	334	332	340	348	335	306	4,070
2012-13	330	270	280	280	290	290	295	300	330	330	340	340	330	4,005

Source: Loveland City School District records.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**LOVELAND CITY SCHOOL DISTRICT
HAMILTON COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 26, 2005**