



**Auditor of State
Betty Montgomery**

NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report..... (Under a Separate Cover)	
Comprehensive Annual Financial Report (Under a Separate Cover)	
Schedule of Federal Awards Expenditures.....	1
Notes to the Schedule of Federal Awards Expenditures	2
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	5
Schedule of Findings.....	7

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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education.</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$57,293	\$0	\$57,293
National School Breakfast Program	05-PU	10.553	63,226		63,226	
National School Lunch Program	LL-P4	10.555	466,426		466,426	
Summer Food Service Program for Children	23-PU & 24-PU	10.559	71,260		71,260	
Total U.S. Department of Agriculture - Nutrition Cluster			600,912	57,293	600,912	57,293
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct grant:</i>						
21st Century Community Learning Centers	nn-n1	84.287	36,000		93,455	
<i>Passed Through Ohio Department of Education.</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	272,211		384,650	
Special Education - Preschool Grant	PG-S1	84.173	13,007		13,726	
Total Special Education Cluster			285,218	0	398,376	0
Adult Education - State Grant Program	AB-S1	84.002	54,613		52,234	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	541,436		532,066	
Vocational Education Basic Grants to State	20-C1	84.048	5,238		3,338	
Drug-Free Schools Grant	DR-S1	84.186	16,000		25,969	
IEven Start: State Educational Agencies	EV-S4	84.213	(465)			
Innovative Education Program Grant	C2-S1	84.298	8,421		8,300	
Title II-D Technology Literacy Challenge	TJ-S1	84.318	6,647		11,498	
Title III LEP	T3-S1	84.365	21,004		24,081	
Title II-A Improving Teacher Quality	TR-S1	84.367	188,214		180,569	
Total U.S. Department of Education			1,162,326	0	1,329,886	0
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Payments -- Title XIX (Community Alternative Financing System)	nn-n1	93.778	60,346		60,346	
Total U.S. Department of Mental Retardation and Developmental Disabilities			60,346	0	60,346	0
Totals			\$1,823,584	\$57,293	\$1,991,144	\$57,293

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

**NORWOOD LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Norwood City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 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 financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated January 27, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the 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 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the District's management in a separate letter dated January 27, 2005.

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

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

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

Betty Montgomery
Auditor of State

January 27, 2005



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Norwood City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 each of its major federal programs 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 internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Federal Awards Expenditures

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

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



Betty Montgomery
Auditor of State

January 27, 2005

**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #84.027, 84.173 Special Education Cluster CFDA #84.367 Improving Teacher Quality
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: All other programs
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**NORWOOD CITY SCHOOL DISTRICT
NORWOOD, OHIO**

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

Prepared by:
Treasurer's Office

Brian Rabe
Treasurer

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**NORWOOD CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2004**

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Title Page	
Table of Contents	I
Letter of Transmittal	V
GFOA Certificate of Achievement	XI
List of Principal Officials	XII
Organizational Chart	XIII
Consultants and Advisors	XIV
State of Ohio Map	XV
 II. FINANCIAL SECTION	
INDEPENDENT ACCOUNTANTS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances -- Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17

**NORWOOD CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

TABLE OF CONTENTS
 (Continued)

	<u>Page</u>
Statement of Net Assets – Fiduciary Funds	18
Statement of Changes in Net Assets – Fiduciary Funds	19
Notes to the Basic Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis).....	41
Notes to Required Supplementary Information	42
COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:	
Combining Statements – Nonmajor Funds:	
Fund Descriptions.....	44
Combining Balance Sheet – Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	49
Combining Balance Sheet -- Nonmajor Special Revenue Funds.....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	54
Combining Statement of Changes in Fiduciary Assets and Liabilities.....	58

**NORWOOD CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

TABLE OF CONTENTS
 (Continued)

	<u>Page</u>
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual (Budget Basis)	
Public School Support Fund.....	59
Local Grant Fund	60
District Managed Student Activity Fund	61
Auxiliary Services Fund	62
Career Development Fund	63
Educational Management Information System Fund	64
Disadvantaged Pupil Impact Aid Fund	65
Data Connectivity Fund	66
SchoolNet Trainers Fund	67
Ohio Reads Fund	68
Summer Intervention Fund	69
Miscellaneous State Grant Fund.....	70
Adult Basic Learning Education Fund	71
Eisenhower Fund	72
Title VIB Fund.....	73
Carl Perkins Fund	74
Title III Fund.....	75
Title I Fund	76
Title VI Fund	77
Drug Free Schools Fund	78
Preschool Fund	79
Teacher Quality	80
Miscellaneous Federal Grant Fund.....	81
Food Service Fund	82
Capital Projects Fund.....	83
Permanent Fund	84
 III. STATISTICAL SECTION	
Description of Statistical Tables	85
Table 1 General Governmental Expenditures by Function	86
Table 2 General Governmental Revenues by Source	88
Table 3 Property Tax Levies and Collections	90
Table 4 Assessed and Estimated Actual Value of Taxable Property	92
Table 5 Property Tax Rates - Direct and Overlapping Governments	94

**NORWOOD CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

TABLE OF CONTENTS
 (Continued)

		<u>Page</u>
Table 6	Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt per Capita	96
Table 7	Computation of Legal Debt Margin	98
Table 8	Computation of Overlapping General Obligation Bonded Debt	99
Table 9	Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures	100
Table 10	Demographic Statistics	101
Table 11	Property Value and Financial Institution Deposits	102
Table 12	Principal Taxpayers Real Estate Tax	103
Table 13	Principal Taxpayers Tangible Personal Property Tax	104
Table 14	Principal Taxpayers Public Utility Personal Property Tax	105
Table 15	Miscellaneous Statistical Data	106
Table 16	Largest Employers	107
Table 17	Schedule of Insurance Policies and Bonding Insurance	108
Table 18	Levy History	110
Table 19	Student Population by Sex and Race	111
Table 20	Enrollment History	112
Table 21	Directory of School Facilities	114
Table 22	Treasurer's Department	115

January 31, 2005

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Norwood City School District (District) for the fiscal year ended June 30, 2004. This report was prepared by the Treasurer's office, and contains financial statements, supplemental statements and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2003-04 fiscal year. Responsibility for the accuracy, completeness, and fairness of the report rests with the District. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and represents the District's continuing commitment to provide accurate financial information to the Board and the citizens of the Norwood City School District.

This report has been divided into three sections:

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

The Financial Section includes the unqualified opinion of our independent auditors, the Ohio Auditor of State, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

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

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

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

ORGANIZATION OF THE DISTRICT

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

The current Board members, their terms and years on the Board as of June 30, 2004, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Ms. Susan Geselbracht	Jan. 2002 - Dec. 2005	7
Mr. Rick Thomas-Harmon	Jan. 2002 - Dec. 2005	5
Ms. Carolyn Atwood	Jan. 2002 - Dec. 2005	3
Ms. Debora Gay	Jan. 2004 - Dec. 2007	4-1/2
Mr. Rick Guy	Jan. 2004 - Dec. 2007	4-1/2

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Mr. Steve Collier was appointed Superintendent effective August 1, 2003 and his current contract expires July 31, 2007.

The Treasurer is the chief financial officer of the District and is directly responsible to the Board for all financial operations, investments, custody of all District funds and assets, and serves as Secretary to the Board. Mr. Brian Rabe was initially appointed Treasurer effective September 1, 2004, and his current contract will expire on December 31, 2006.

THE COMMUNITY

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

The community is steadfastly committed to preserving its mature, small-town character within a major metropolitan area. The District operates four elementary schools (K-5), one middle school (6-8), and a high school (9-12).

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

ECONOMIC CONDITION AND OUTLOOK

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

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

Projects underway include a 95,000 square foot office building on the site of the former Contractors Warehouse in the Central Parke complex and a 125,000 square foot office building in the Cornerstone at Norwood Complex. The Cornerstone project is a two-phase office complex to total 250,000 square feet of office space.

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

THE DISTRICT AND ITS FACILITIES

The District served approximately 2,700 students during the 2004 fiscal year in one senior high school (9-12), which was constructed in 1972; one middle school (7-8), constructed in 1914, with an addition in 1928; and the following elementary schools: Allison Street Elementary School (K-6), constructed in 1896, with additions in 1918 and 1933, Norwood View Elementary School (K-6), constructed in 1917, with an addition in 1954, Sharpsburg Elementary (3-6), constructed in 1911, Sharpsburg Primary (K-2), constructed in 1959, and Williams Avenue Elementary School (PK-6) constructed in 1917, with an addition in 1950. The central administration is also housed in the same facility as Williams Avenue Elementary School

EMPLOYEE RELATIONS

The District currently employs approximately 330 full-time and part-time employees. The number of employees has been decreasing slightly due to a drop in enrollment. The enrollment has been dropping steadily for the past twenty years. It is projected the District's enrollment will decrease over the next 10 years.

The Norwood Teachers Association (NTA) represents the District teachers, educational specialists, tutors and counselors. A three-year agreement on language, salary and fringe benefits was ratified on June 5, 2002. The new agreement will expire on the day prior to school starting in 2005.

The District's classified employees consisting of food service workers, clerical staff, maintenance and educational aides are represented by Ohio Council 8, AFSCME 3136. A three-year agreement on language, salary and fringe benefits was ratified on June 5, 2002. The new agreement will expire on June 30, 2005.

FINANCIAL INFORMATION

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

Internal Controls

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

Federal and State Assistance

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

Budgetary Controls

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

Financial Reporting

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

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements 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 reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

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

Management is responsible for preparing a Management Discussion and Analysis of the District. This discussion is located in the financial section of this report following the audit opinion, and provides an assessment of the District finances for 2004 and a discussion of current issues that affect the outlook for the future.

Cash Management

The District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in certificates of deposit, in the Ohio State Director of Finance and Business's Investment Pool (Star Ohio), U.S. Treasury Notes and Bonds, and US Treasury Bills. A more detailed description of the District's investment functions is provided in Note 3 to the financial statements.

Risk Management

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

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 7). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provided administrative, cost control and actuarial services to the GRP.

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The Ohio Auditor of State conducted the District's audit for fiscal year 2004. The Independent Accountants' Report on the District's basic financial statements, combining and individual fund statements and schedules is included in the financial section of this comprehensive annual financial report.

Awards

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

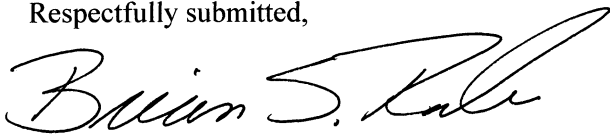
In order to be awarded a Certificate of Achievement for excellence in financial reporting a governmental unit must publish a Comprehensive Annual Financial Report, the contents of which are easily readable, efficiently organized and conform to program standards. Such reports must satisfy both generally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

Acknowledgments

The preparation of the 2004 comprehensive annual financial report of the Norwood City School District was made possible by the efforts of the Treasurer's office. The members of the Treasurer's office have my sincere gratitude for their professional, efficient and dedicated service.

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

Respectfully submitted,



Brian Rabe
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Norwood City School
District, Ohio

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



President

Executive Director

**NORWOOD CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2004**

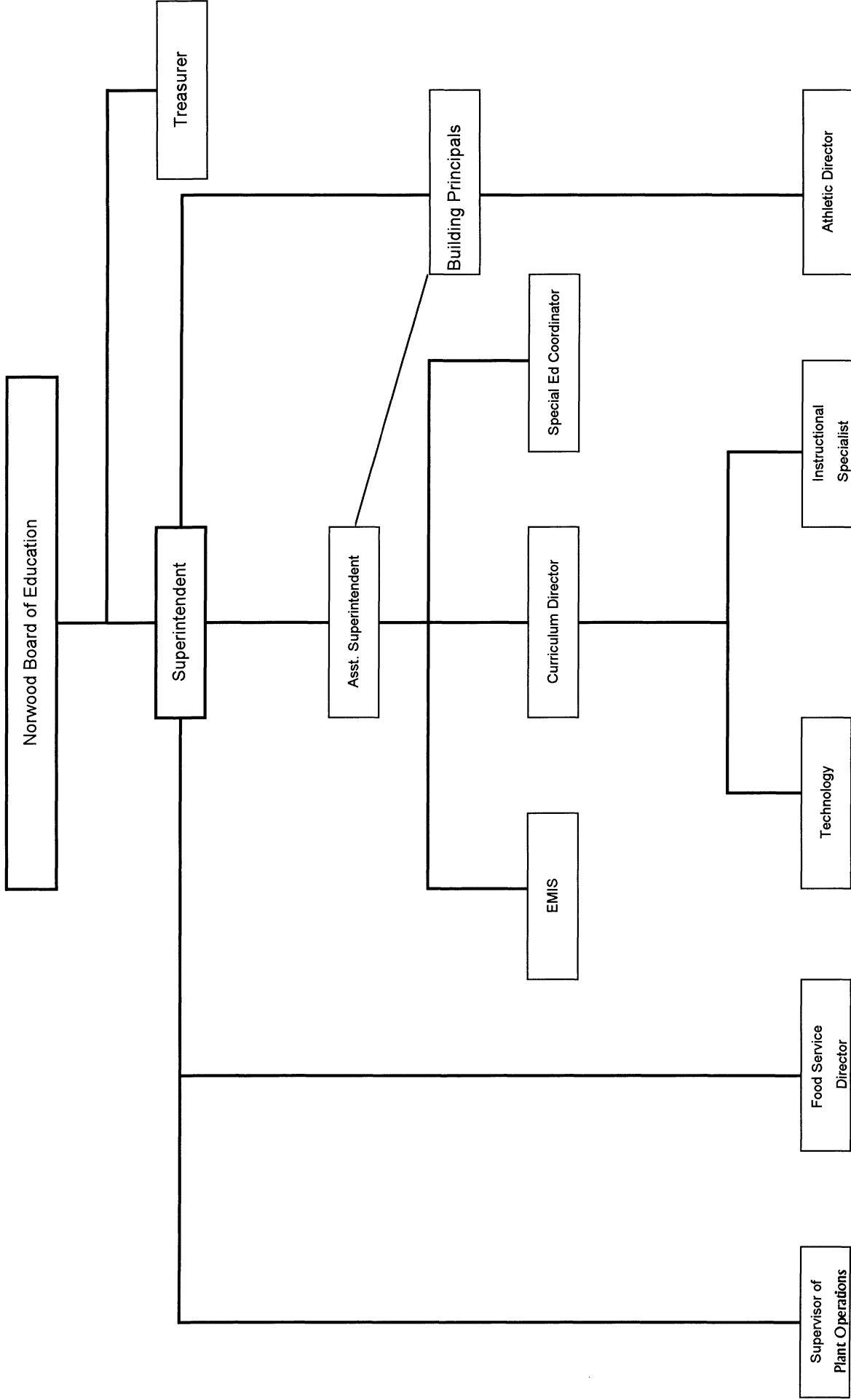
ELECTED OFFICIALS

President, Board of Education	Susan Geselbracht
Vice President, Board of Education	Rick Thomas-Harmon
Board Member	Carolyn Atwood
Board Member	Debora Gay
Board Member	Rick Guy

ADMINISTRATIVE OFFICIALS

Superintendent	Steve L. Collier
Treasurer	Brian Rabe
Assistant Superintendent	Karla Berger
Director of Curriculum and Instruction	Kris Chesson
Director of Educational Management Information System	Amy Bowman
Supervisor of Special Education	Linda McKinney
Director of Instructional Technology	Mike Seibert
Director of Performing Arts	Allan Martin
Director of Athletics	Steve Moeller
Director of Food Service	Cindy DeZarn
Supervisor of Plant Operations	James Helmeccamp
High School Principal	Dr. Terri Holden
Middle School Principal	Sharon Freyhof
Allison Elementary Principal	Kimberly Kappler
Norwood View Elementary Principal	Sandy White
Sharpsburg Elementary Principal	Brad Winterod
Williams Avenue Elementary	Dr. Kathy Winterman

Norwood City Schools Organizational Chart 2004-2005



**NORWOOD CITY SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
June 30, 2004**

Architects

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

Independent Auditor

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

Investment Advisor

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

Official Depositories

Fifth Third Bank
Fountain Square Plaza
Cincinnati, OH 45202

Worker Compensation/Unemployment

Gates McDonald
P.O. Box 1360
Columbus, OH 43216-1360

Bond Counsel

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

Insurance Advisor

Horan & Associates
Montgomery Road
Cincinnati, OH

Legal Counsel

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

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



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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwood City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Norwood City School District, Hamilton County, Ohio, as of June 30, 2004, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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

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



Betty Montgomery
Auditor of State

January 27, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Norwood City School District for the year ended June 30, 2004. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2004 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$10.5 million. Of this amount, \$6.5 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets decreased by \$1.0 million.
- ✓ The School District had \$26.5 million in expenses related to governmental activities; only \$3.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$21.6 million, made up primarily of property taxes and State Foundation payments, provided the majority of funding for these programs.
- ✓ The General Fund balance increased by \$2.8 million from \$8.5 million at June 30, 2003 to \$11.3 million at June 30, 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District has no business-type activities.

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

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

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

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

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

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2004:

Governmental Activities			
		<u>FY04</u>	<u>FY03</u>
Current and other assets	\$	26,160,360	22,814,494
Capital assets		<u>5,922,578</u>	<u>4,860,692</u>
Total assets		<u>32,082,938</u>	<u>27,675,186</u>
Long-term liabilities outstanding		9,433,402	4,282,129
Other liabilities		<u>12,139,830</u>	<u>11,867,522</u>
Total liabilities		<u>21,573,232</u>	<u>16,149,651</u>
Net assets:			
Invested in capital assets, net of debt		2,118,790	1,881,692
Restricted:			
For capital purposes		1,711,890	2,196,638
Other purposes and scholarship		141,273	119,937
Unrestricted		<u>6,537,753</u>	<u>7,327,268</u>
Total net assets	\$	<u>10,509,706</u>	<u>11,525,535</u>

A significant portion of the School District's net assets (20%) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net assets (\$6,537,753) may be used to meet the government's ongoing obligations to citizens and creditors.

Cash with fiscal agents and long-term liabilities increased due to the proceeds of \$5.6 million from a lease-purchase agreement, of which \$4.5 million was on hand at June 30, 2004. These funds are being used to make capital improvements to the Districts' buildings and grounds.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

B. Governmental Activities during fiscal year 2004

The following table presents a condensed summary of the School District's activities during fiscal year 2004 and the resulting change in net assets:

	<u>FY04</u>	<u>FY03</u>
Revenues:		
Program revenues:		
Charges for services and sales	\$ 638,712	810,048
Operating grants and contributions	<u>3,211,099</u>	<u>3,383,164</u>
Total program revenues	<u>3,849,811</u>	<u>4,193,212</u>
General revenues:		
Property taxes	12,039,610	13,287,060
Grants and entitlements	9,075,443	8,729,398
Investment earnings	201,007	269,923
Miscellaneous	<u>282,813</u>	<u>290,366</u>
Total general revenues	<u>21,598,873</u>	<u>22,576,747</u>
Total revenues	<u>25,448,684</u>	<u>26,769,959</u>
Expenses:		
Instruction	14,895,705	15,026,351
Support services:		
Pupil	1,418,782	1,535,738
Instructional staff	1,435,265	1,505,140
Board of Education	34,641	33,960
Administration	2,078,777	1,772,971
Fiscal	675,922	583,667
Business	-	-
Operation and maintenance of plant	2,763,796	2,502,737
Pupil transportation	285,865	122,635
Central	481,557	593,327
Non-instructional services	1,018,385	1,476,709
Interest on long-term debt	225,139	78,355
Food services	<u>1,150,679</u>	<u>1,352,092</u>
Total expenses	<u>26,464,513</u>	<u>26,583,682</u>
Change in net assets	\$ <u><u>(1,015,829)</u></u>	<u><u>186,277</u></u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

Of the total governmental activities revenues of \$25,448,684, \$3,849,811 (15%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 56% (\$12,039,610) comes from property tax levies and 42% (\$9,075,443) is from state and federal funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

The primary difference between 2004 and 2003 is a decrease in property taxes related to revenue recognition criteria. The amounts collected by the County Auditor and available for advance to the School District are recognized as revenue. The amount available for advance decreased by approximately \$850,000 at June 30, 2004 compared to the prior year. The amount can fluctuate from year to year based on a number of factors including the timing of mailing of tax bills by the County Auditor. In addition, property taxes decreased due to the decline in valuation of inventory as a result of Ohio House Bill 283. HB 283 reduces the assessed valuation of the inventory component of personal property tax from 25% to 0% by 2028. HB 95 accelerated the reduction to 2% per year ending in 2016.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 15% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$14,895,705 but program revenue contributed to fund 13% of those costs. Thus, general revenues of \$12,998,496 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets decreased by (\$1,015,829) due primarily to the decrease in property tax revenue as described above.

Governmental Activities

		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$	14,895,705	1,897,209	13%	12,998,496
Support services		9,174,605	440,868	5%	8,733,737
Non-instructional services		1,018,385	378,085	37%	640,300
Food service		1,150,679	1,133,649	99%	17,030
Interest on long-term debt		<u>225,139</u>	<u>-</u>	0%	<u>225,139</u>
Total	\$	<u>26,464,513</u>	<u>3,849,811</u>	<u>15%</u>	<u>22,614,702</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has two major governmental funds: the General Fund and Capital Projects Fund. Assets of these funds comprise \$25,516,165 (97%) of the total \$26,396,505 governmental funds assets.

General Fund. Fund balance at June 30, 2004 was \$11,344,167, including \$6,228,419 of unreserved balance, which represents 26% of expenditures for fiscal year 2004. The primary reason for the increase in fund balance was the proceeds from a lease-purchase agreement in the amount of \$5,564,000 of which \$4,487,212 was unspent as of June 30, 2004.

Capital Projects Fund. Fund balance at June 30, 2004 was \$1,171,890. The General fund transferred \$100,000 to the capital projects fund to provide resources for improvements to school buildings.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The final budgeted revenues exceeded the original budgeted amount by \$1,000,000. Tax revenues were under estimated by \$651,000 in the original budget. The county in which the School District is located in went through a reappraisal in calendar year 2002. As a result, property valuations were increased. Because the School District is at the 20 mil floor for residential property, the School District received additional monies as a result. The original estimated increase in valuation was less then what was projected causing the original calculation of taxes to be less then what was actually received. The original intergovernmental budgeted amount was \$273,000 less then the final budgeted amount. The intergovernmental funds are funds received from the State of Ohio, through the foundation program. The monies received thru the program are based on the number of students in the School District. The number of students originally projected was less then the actual number of students. As a result, the School District received additional funds from the State.

The final budgeted expenses exceeded the original budgeted amount by \$1.9 million. The final budget for regular instruction exceeded the original amount by \$241,000. Due to timing issues staffing levels are not finalized until after the budget has been established. The School District hired staff at a higher salary level then what was originally projected. The final budgeted amount for special education was \$185,000 more then what was originally budgeted. This increase was a result of the School District having recognized more students with special needs. The final significant variance is in capital outlay. In the year ended June 30, 2004, the School District entered into a lease purchase agreement for building renovations in the amount of \$5,564,000. The final budgeted amount reflected the entire amount available thru this lease agreement.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2004, the School District had \$5,922,578 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was approximately 22%. See Note 6 to the financial statements for more detail.

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

		<u>FY04</u>	<u>FY03</u>
Land	\$	524,809	524,809
Land improvements		7,082	8,266
Buildings and improvements		4,977,357	2,736,361
Furniture and equipment		340,357	478,900
Vehicles		72,973	103,227
Construction in progress		<u>-</u>	<u>1,009,129</u>
Total	\$	<u>5,922,578</u>	<u>4,860,692</u>

Major capital asset events during the current fiscal year included the completion of the HVAC renovation at Norwood High School.

Debt

In the year ended June 30, 2004, the School District entered into a lease purchase agreement for building renovations in the amount of \$5,564,000 which expires in 2023.

See Note 11 to the financial statements.

ECONOMIC FACTORS

A challenge facing the School District is the future of state funds. On December 11, 2002, the Ohio Supreme Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

REQUESTS FOR ADDITIONAL INFORMATION

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 7,855,969
Cash and cash equivalents with fiscal agent	4,487,212
Receivables:	
Taxes	13,014,101
Accounts	100,497
Intergovernmental	465,286
Interest	9,539
Supplies inventory	14,003
Prepays	213,753
Nondepreciable capital assets	524,809
Depreciable capital assets, net	<u>5,397,769</u>
Total assets	<u>32,082,938</u>
Liabilities:	
Accounts payable	39,175
Accrued wages and benefits	1,871,262
Pension obligation payable	532,368
Deferred revenue	9,697,025
Noncurrent liabilities:	
Due within one year	353,375
Due within more than one year	<u>9,080,027</u>
Total liabilities	<u>21,573,232</u>
Net Assets:	
Invested in capital assets, net of related debt	2,118,790
Restricted for:	
Capital projects	1,711,890
Other purposes	65,404
Scholarship:	
Nonexpendable	70,000
Expendable	5,869
Unrestricted	<u>6,537,753</u>
Total net assets	<u>\$ 10,509,706</u>

See accompanying notes to the basic financial statements.

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NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Activities
Year Ended June 30, 2004

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Assets
	Expenses	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 11,558,116	52,609	1,167,869	\$ (10,337,638)
Special education	2,755,009	-	637,937	(2,117,072)
Other instruction	582,580	-	38,794	(543,786)
Support services:				
Pupil	1,418,782	-	357,936	(1,060,846)
Instructional staff	1,435,265	-	33,585	(1,401,680)
Board of Education	34,641	-	-	(34,641)
Administration	2,078,777	-	28,347	(2,050,430)
Fiscal	675,922	-	-	(675,922)
Operation and maintenance of plant	2,763,796	-	-	(2,763,796)
Pupil transportation	285,865	-	-	(285,865)
Central	481,557	-	21,000	(460,557)
Non-instructional services:				
Extracurricular activities	661,258	144,784	-	(516,474)
Community service	357,127	-	233,301	(123,826)
Food Service	1,150,679	441,319	692,330	(17,030)
Interest on long-term debt	225,139	-	-	(225,139)
Total Governmental Activities	\$ <u>26,464,513</u>	<u>638,712</u>	<u>3,211,099</u>	<u>(22,614,702)</u>
General Revenues:				
Property taxes, levied for general purposes				12,039,610
Grants and entitlements not restricted to specific programs				9,075,443
Investment earnings				201,007
Miscellaneous				282,813
Total general revenues				<u>21,598,873</u>
Change in net assets				(1,015,829)
Net assets beginning of year				<u>11,525,535</u>
Net assets end of year				\$ <u>10,509,706</u>

See accompanying notes to the basic financial statements.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Balance Sheet
 Governmental Funds
 June 30, 2004

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 5,692,260	1,713,886	449,823	7,855,969
Cash and cash equivalents with fiscal agent	4,487,212	-	-	4,487,212
Receivables:				
Taxes	13,014,101	-	-	13,014,101
Accounts	97,471	-	3,026	100,497
Accrued interest	9,539	-	-	9,539
Intergovernmental	80,465	-	384,821	465,286
Prepays	185,086	-	28,667	213,753
Supplies and inventory	-	-	14,003	14,003
Interfund receivable	236,145	-	-	236,145
Total assets	<u>23,802,279</u>	<u>1,713,886</u>	<u>880,340</u>	<u>26,396,505</u>
Liabilities:				
Accounts payable	25,152	1,996	12,027	39,175
Accrued wages and benefits	1,625,877	-	245,385	1,871,262
Pension obligation payable	339,043	-	55,733	394,776
Interfund payable	-	-	236,145	236,145
Compensated absences payable	61,375	-	-	61,375
Deferred revenue	10,406,665	-	135,985	10,542,650
Total liabilities	<u>12,458,112</u>	<u>1,996</u>	<u>685,275</u>	<u>13,145,383</u>
Fund Balances:				
Reserved for:				
Encumbrances	2,313,687	179,910	114,306	2,607,903
Property taxes	2,616,975	-	-	2,616,975
Prepays	185,086	-	28,667	213,753
Unreserved, reported in:				
General Fund	6,228,419	-	-	6,228,419
Special Revenue Funds	-	-	(23,777)	(23,777)
Capital Projects Funds	-	1,531,980	-	1,531,980
Permanent Fund	-	-	75,869	75,869
Total fund balances	<u>11,344,167</u>	<u>1,711,890</u>	<u>195,065</u>	<u>13,251,122</u>
Total liabilities and fund balances	\$ <u>23,802,279</u>	<u>1,713,886</u>	<u>880,340</u>	<u>26,396,505</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

Total Governmental Fund Balances		\$ 13,251,122
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.		5,922,578
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.		845,625
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	1,081,027	
Lease-purchase agreement	8,291,000	
Pension obligation payable	<u>137,592</u>	
Total		<u>(9,509,619)</u>
Net Assets of Governmental Activities		\$ <u>10,509,706</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2004

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 11,339,509	-	-	11,339,509
Tuition and fees	52,609	-	-	52,609
Interest	122,757	68,711	888	192,356
Charges for services	-	-	441,319	441,319
Intergovernmental	9,216,254	-	2,933,415	12,149,669
Other local revenues	229,161	-	242,677	471,838
Total revenues	<u>20,960,290</u>	<u>68,711</u>	<u>3,618,299</u>	<u>24,647,300</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,616,208	-	871,403	11,487,611
Special education	2,205,245	-	551,719	2,756,964
Other instruction	544,298	-	38,282	582,580
Support services:				
Pupil	1,076,143	-	353,139	1,429,282
Instructional staff	1,380,199	-	59,613	1,439,812
Board of Education	34,068	-	-	34,068
Administration	2,074,025	-	28,726	2,102,751
Fiscal	667,017	-	-	667,017
Operation and maintenance of plant	2,232,371	75,470	127,503	2,435,344
Pupil transportation	284,308	-	1,557	285,865
Central	395,724	-	65,639	461,363
Non-instructional services:				
Extracurricular activities	407,023	-	162,798	569,821
Community service	57,966	-	319,977	377,943
Food service	-	-	1,164,733	1,164,733
Capital outlay	1,214,594	420,263	-	1,634,857
Debt Service:				
Principal	181,000	71,000	-	252,000
Interest and fiscal charges	138,413	86,726	-	225,139
Total expenditures	<u>23,508,602</u>	<u>653,459</u>	<u>3,745,089</u>	<u>27,907,150</u>
Excess of revenues over (under) expenditures	<u>(2,548,312)</u>	<u>(584,748)</u>	<u>(126,790)</u>	<u>(3,259,850)</u>
Other financing sources (uses):				
Transfers in	-	100,000	108,232	208,232
Transfers out	(208,200)	-	(32)	(208,232)
Proceeds from lease-purchase agreement	5,564,000	-	-	5,564,000
Total other financing sources (uses)	<u>5,355,800</u>	<u>100,000</u>	<u>108,200</u>	<u>5,564,000</u>
Net change in fund balance	2,807,488	(484,748)	(18,590)	2,304,150
Fund balance, beginning of year	8,536,679	2,196,638	213,655	10,946,972
Fund balance, end of year	\$ <u>11,344,167</u>	<u>1,711,890</u>	<u>195,065</u>	<u>13,251,122</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$ 2,304,150

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.

Capital outlay	1,450,487
Depreciation expense	(388,601)

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	252,000
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Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	84,510
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	845,625
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Proceeds from a lease-purchase agreement are reported as other financing sources in the governmental funds, but proceeds are increases in liabilities on the statement of net assets.	<u>(5,564,000)</u>
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Change in Net Assets of Governmental Activities	\$ <u>(1,015,829)</u>
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NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2004

		Private Purpose Trust	Agency Funds
		<u> </u>	<u> </u>
ASSETS			
Equity in pooled cash and investments	\$	<u>78,219</u>	<u>64,980</u>
Total assets		<u><u>78,219</u></u>	<u><u>64,980</u></u>
LIABILITIES			
Accounts payable		698	-
Due to student groups		-	25,516
Due to others		<u>-</u>	<u>39,464</u>
Total liabilities		<u><u>698</u></u>	<u><u>64,980</u></u>
NET ASSETS			
Held in trust for scholarships	\$	<u><u>77,521</u></u>	

See accompanying notes to the basic financial statements.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2004

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ 2,124
Interest	<u>769</u>
Total additions	<u>2,893</u>
Deductions:	
Community gifts, awards and scholarships	<u>2,125</u>
Total deductions	<u>2,125</u>
Change in net assets	768
Net assets, beginning of year	<u>76,753</u>
Net assets, end of year	\$ <u><u>77,521</u></u>

See accompanying notes to the basic financial statements.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Norwood City School District, Ohio (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 in its government-wide financial statements provided they do not conflict with or contradict GASB pronouncements. The School District has the option to follow subsequent FASB statements and interpretations but has elected not to do so. The more significant of the School District's accounting policies are described below.

A. Reporting Entity

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

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

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

The School District is associated with three organizations, two of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations include Southwest Ohio Computer Association, Great Oaks Institute of Technology and Career Development and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 12 and 13.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

B. Basis of Presentation

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

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

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

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

C. Fund Accounting

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

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

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

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

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

D. Basis of Accounting

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2004

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

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

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

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

Deferred Revenue Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2004 which are intended to finance fiscal year 2005 operations, and delinquent property taxes whose availability is indeterminable, have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

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

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund levels of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

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

F. Cash and Cash Equivalents

Cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2004, the District's investments were limited to certificates of deposit, obligations of the US Treasury and other direct issuances of federal agencies and the State Treasury Assets Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

I. Capital Assets

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

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

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

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

J. Interfund Balances

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

K. Compensated Absences

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2004

L. Accrued Liabilities and Long-Term Obligations

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

M. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicate that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, and prepaids. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes.

M. Net Assets

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

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

N. Estimates

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

2. DEFICIT FUND BALANCES

At June 30, 2004, the Food Services and DPIA special revenue funds had deficit fund balances of \$143,724 and \$12,889, respectively. These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: At year-end, the carrying amount of the School District's deposits was (\$22,699) and the bank balance was \$269,763. Of the bank balance, \$100,000 was covered by federal depository insurance and \$169,763 was covered by collateral held by the pledging bank's trust department, but not in the School District's, name pursuant to Section 135.181, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. A designated public depository may pledge a single pool of eligible securities to secure payment of all public monies deposited in the financial institution, provided that at all times the fair value of the securities so pledged is at least 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by federal depository insurance. Although the pledging financial institution has a securities pool used to collateralize all public deposits, which are held in the financial institution name, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation. Per GASB Statement No. 3, the deposits not covered by federal depository insurance are considered uninsured and uncollateralized.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio and Money Markets are unclassified because they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Fair Value</u>
STAR Ohio	\$ -	1,861,327
U.S. Money Market Fund	-	10,169
Investment with Bayerische Hypd Und Verninsbank	-	4,472,522
Armada Government Money Market Fund	-	14,690
U.S. Agency securities	<u>6,150,371</u>	<u>6,150,371</u>
	\$ <u>6,150,371</u>	<u>12,509,079</u>

4. PROPERTY TAXES

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

The School District receives property taxes from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was \$2,616,975 in the General Fund. The assessed values upon which fiscal year 2004 taxes were collected are:

	<u>2003 Second- Half Collections</u>		<u>2004 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 295,396,660	77.91%	295,310,120	79.95%
Tangible Personal Property	<u>83,736,730</u>	22.09%	<u>74,059,370</u>	20.05%
Total Assessed Value	\$ <u>379,133,390</u>	100.00%	<u>369,369,490</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$49.90		\$52.60

5. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$236,145 that consists of amounts due from non-major governmental funds. These interfund loans were made to provide operating capital. These amounts are eliminated in the governmental activities column of the statement of net assets.

During the year ended June 30, 2004, the General Fund made transfers of \$208,200 to non-major governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

6. CAPITAL ASSETS

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

	Balance 7/1/03	Additions	Disposals	Balance 6/30/04
<i>Governmental Activities</i>				
Nondepreciable:				
Land	\$ 524,809	-	-	524,809
Construction in progress	1,009,129	-	(1,009,129)	-
Depreciable:				
Land improvements	10,097	-	-	10,097
Buildings and improvements	11,425,666	2,367,340	-	13,793,006
Vehicles	164,103	-	-	164,103
Equipment and furniture	3,469,906	92,276	(2,869)	3,559,313
Subtotal	<u>15,069,772</u>	<u>2,459,616</u>	<u>(2,869)</u>	<u>17,526,519</u>
Totals at historical cost	<u>16,603,710</u>	<u>2,459,616</u>	<u>(1,011,998)</u>	<u>18,051,328</u>
Less accumulated depreciation:				
Land improvements	1,831	1,184	-	3,015
Buildings and improvements	8,689,305	126,344	-	8,815,649
Vehicles	60,876	30,254	-	91,130
Equipment and furniture	2,991,006	230,819	(2,869)	3,218,956
Total accumulated depreciation	<u>11,743,018</u>	<u>388,601</u>	<u>(2,869)</u>	<u>12,128,750</u>
Capital assets, net	<u>\$ 4,860,692</u>	<u>2,071,015</u>	<u>(1,009,129)</u>	<u>5,922,578</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2004

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	160,727
Special		45
Support services:		
Pupil		644
Instructional staff		8,013
General administration		573
School administration		3,617
Fiscal		4,625
Operation and maintenance of plant		54,583
Central		11,309
Community service		23,425
Extracurricular activities		114,868
Food service		6,172
		<hr/>
Total depreciation expense	\$	<u>388,601</u>

7. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted with Indiana Insurance Company for general liability insurance with a \$5,000,000 aggregate limit covering all employees and volunteers of the School District.

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

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2004

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The GRP is intended to reduce the School District's premium by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

8. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were approximately \$376,000, \$367,000, and \$335,000 respectively; 32% has been contributed for 2004 and 100% for fiscal years 2003 and 2002.

State Teachers Retirement System

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2004

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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 a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2004, 2003, and 2002 were approximately \$1,666,000, \$1,635,000 and \$1,335,000 respectively; 84% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002. The unpaid contribution for fiscal year 2004 is recorded as a liability within the respective funds.

Social Security System

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

9. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2004, the board allocated employer contributions equal to 1.00% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$119,000 during fiscal year 2004. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.1 million at June 30, 2004. For the year ended June 30, 2004, net health care costs paid by STRS were \$268.7 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$24,500. 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.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 2004 were \$223.4 million and the target level was \$335.2 million. At June 30, 2004, SERS' net assets available for payment of health care benefits was \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$132,000 during the 2004 fiscal year.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

10. EMPLOYEE BENEFITS

Compensated Absences

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

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

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 7/1/03	Additions	Reductions	Principal Outstanding 6/30/04	Amounts Due in One Year
<i>Governmental Activities:</i>					
Lease-purchase agreement	\$ 2,979,000	5,564,000	(252,000)	8,291,000	292,000
Compensated absences	1,157,937	170,957	(186,492)	1,142,402	61,375
Total	\$ 4,136,937	5,734,957	(438,492)	9,433,402	353,375

In the year ended June 30, 2003, the School District entered into a lease-purchase agreement for the renovation of Shea Stadium and the construction of a new track and synthetic field. The School District is leasing the improvements from Rickenbacker Port Authority. Rickenbacker Port Authority will retain title to the project during the lease term. Rickenbacker Port Authority as assigned National City Bank as trustee. National City Bank deposited \$3,048,000 with a fiscal agent for the renovation and construction. The renovations made to Shea Stadium have been completed. At June 30, 2004, proceeds of \$161,812 from the lease-purchase remain unspent. Amounts are reimbursed to the School District for expenditures made on work completed. The School District makes annual principal payments with monthly interest payments to National City Bank. Interest rates are variable and can be converted to a fixed rate every 7 days. The lease is renewable annually and expires in 2031. The intention of the School District is to renew the lease annually.

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

In the year ended June 30, 2004, the School District entered into a second similar lease purchase agreement for building renovations in the amount of \$5,564,000 which expires in 2023. These agreements are recorded in a manner similar to a capital lease payable. At year-end capital assets under these agreements have been capitalized in the amount of approximately \$4.1 million. At June 30, 2004, the fiscal agent is still holding \$4,487,212.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$33,133,254 with an unvoted debt margin of \$369,369 at June 30, 2004.

The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2004:

	Year Ending <u>June 30</u>	
	2005	\$ 533,230
	2006	534,251
	2007	533,741
	2008	533,006
	2009	532,323
	2010-2014	2,658,243
	2015-2019	2,646,893
	2020-2024	2,264,604
	2025-2029	779,842
	2030-2031	<u>311,225</u>
Minimum lease payments		11,327,358
Less amount representing interest		<u>3,036,358</u>
Present value of minimum lease payments		\$ <u><u>8,291,000</u></u>

12. JOINTLY GOVERNED ORGANIZATIONS

The Great Oaks Institute of Technology and Career Development

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Southwestern Ohio Computer Association

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

13. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

14. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

Litigation

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

NORWOOD CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

15. REQUIRED SET-ASIDES

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2003	\$ (943,986)	-
Current year set-aside requirement	387,764	387,764
Less qualifying disbursements	<u>(760,108)</u>	<u>(1,657,169)</u>
Total	<u>(1,316,330)</u>	<u>(1,269,405)</u>
Balance carried to FY2005	<u>(1,316,330)</u>	-
Cash balance as of June 30, 2004	\$ <u>-</u>	<u>-</u>

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

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

16. 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 system 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 School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 12,462,245	13,113,857	13,113,859	2
Tuition and fees	30,500	25,500	27,943	2,443
Interest	200,000	211,900	227,666	15,766
Intergovernmental	8,872,656	9,146,523	9,147,994	1,471
Other local revenues	40,000	117,549	125,624	8,075
Total revenues	21,605,401	22,615,329	22,643,086	27,757
Expenditures:				
Current:				
Instruction:				
Regular	10,488,603	10,730,315	10,703,311	27,004
Special education	2,356,638	2,541,664	2,373,847	167,817
Other instruction	573,635	573,635	573,635	-
Support services:				
Pupil	1,135,335	1,155,070	1,088,878	66,192
Instructional staff	1,389,980	1,425,395	1,398,120	27,275
Board of Education	40,045	40,045	34,243	5,802
Administration	2,070,735	2,076,392	1,991,190	85,202
Fiscal	672,830	674,746	658,195	16,551
Operation and maintenance of plant	2,406,860	2,614,951	2,551,341	63,610
Pupil transportation	301,885	302,035	297,420	4,615
Central	521,887	552,805	380,402	172,403
Non-instructional services:				
Community services	64,500	64,500	57,650	6,850
Extracurricular activities	429,753	429,753	405,289	24,464
Capital outlay	3,980,821	5,185,777	3,368,663	1,817,114
Total expenditures	26,433,507	28,367,083	25,882,184	2,484,899
Excess of revenues over expenditures	(4,828,106)	(5,751,754)	(3,239,098)	2,512,656
Other financing sources (uses):				
Transfers out	(208,200)	(208,200)	(208,200)	-
Advances in	-	104,756	104,756	-
Advances out	(194,319)	(194,319)	(194,319)	-
Proceeds from lease-purchase agreement	5,564,000	5,564,000	5,564,000	-
Other sources	10,000	24,000	45,279	21,279
Other uses	(1,917)	(1,917)	(1,917)	-
Total other financing sources (uses)	5,169,564	5,288,320	5,309,599	21,279
Net change in fund balance	341,458	(463,434)	2,070,501	2,533,935
Fund balance, beginning of year	3,920,796	3,920,796	3,920,796	
Prior year encumbrances appropriated	1,935,506	1,935,506	1,935,506	
Fund balance, end of year	\$ <u>6,197,760</u>	<u>5,392,868</u>	<u>7,926,803</u>	

See accompanying notes to required supplemental information.

NORWOOD CITY SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information

Year Ended June 30, 2004

Note A Budgetary Basis of Accounting

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

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

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

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

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

Net change in fund balance - GAAP Basis	\$ <u>2,807,488</u>
Increase / (decrease):	
Due to revenues	1,682,796
Due to expenditures	(1,744,773)
Due to other sources (uses)	(46,201)
Due to encumbrances	<u>(628,809)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u>2,070,501</u>

NORWOOD CITY SCHOOL DISTRICT
COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

Nonmajor Funds Special Revenue Funds

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

Public School Support:

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

Local Grant:

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

District Managed Student Activity:

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

Auxiliary Services:

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

Career Development:

To account for state funds which are provided to introduce various career opportunities to students.

Educational Management Information System:

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

Disadvantaged Pupil Impact Aid (DPIA):

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

Data Connectivity:

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

**Nonmajor Funds
Special Revenue Funds
(Continued)**

SchoolNet Trainers:

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

Ohio Reads:

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

Summer Intervention:

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

Miscellaneous State Grants:

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

Adult Basic Learning Education (ABLE):

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

Eisenhower:

To account for federal funds used to enhance instruction in science, mathematics, foreign language, English, the arts and computer learning.

Title 6-B:

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

Carl Perkins:

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

Title III:

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

**Nonmajor Funds
Special Revenue Funds
(Continued)**

Title I:

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

Title VI:

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

Drug Free:

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

Preschool:

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

Teacher Quality:

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

Miscellaneous Federal Grants:

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

Food Service:

To account for all revenues and expenses related to the provision of food service for the District.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There is currently no debt service fund for the District.

PERMANENT FUND

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in pooled cash and investments	\$ 373,954	75,869	449,823
Net receivables:			
Accounts	3,026	-	3,026
Intergovernmental	384,821	-	384,821
Prepays	28,667	-	28,667
Supplies and inventory	14,003	-	14,003
Total assets	<u>804,471</u>	<u>75,869</u>	<u>880,340</u>
Liabilities:			
Accounts payable	12,027	-	12,027
Accrued wages and benefits	245,385	-	245,385
Pension obligation payable	55,733	-	55,733
Deferred revenue	135,985	-	135,985
Interfund loans payable	236,145	-	236,145
Total liabilities	<u>685,275</u>	<u>-</u>	<u>685,275</u>
Fund Balances:			
Reserved for:			
Encumbrances	114,306	-	114,306
Prepays	28,667	-	28,667
Unreserved, reported in:			
Special Revenue Funds	(23,777)	-	(23,777)
Permanent Fund	-	75,869	75,869
Total fund balances	<u>119,196</u>	<u>75,869</u>	<u>195,065</u>
Total liabilities and fund balances	<u>\$ 804,471</u>	<u>75,869</u>	<u>880,340</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Nonmajor Governmental Funds

Year Ended June 30, 2004

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Extracurricular activities	\$ 144,784	-	144,784
Charges for services	441,319	-	441,319
Interest	129	759	888
Intergovernmental	2,933,415	-	2,933,415
Miscellaneous	97,893	-	97,893
Total revenues	<u>3,617,540</u>	<u>759</u>	<u>3,618,299</u>
Expenditures:			
Current:			
Instruction:			
Regular	871,403	-	871,403
Special	551,719	-	551,719
Adult	38,282	-	38,282
Support services:			
Pupil	353,139	-	353,139
Instructional staff	59,613	-	59,613
School administration	28,726	-	28,726
Operations and maintenance	127,503	-	127,503
Pupil transportation	1,557	-	1,557
Central	65,639	-	65,639
Community services	319,977	-	319,977
Non-instructional services:			
Extracurricular activities	162,798	-	162,798
Food services	1,164,733	-	1,164,733
Total expenditures	<u>3,745,089</u>	<u>-</u>	<u>3,745,089</u>
Excess of revenues			
over (under) expenditures	<u>(127,549)</u>	<u>759</u>	<u>(126,790)</u>
Other financing sources (uses):			
Operating transfers in	108,232	-	108,232
Operating transfers out	(32)	-	(32)
Total other financing sources (uses)	<u>108,200</u>	<u>-</u>	<u>108,200</u>
Net change in fund balances	(19,349)	759	(18,590)
Fund balance, beginning of year	<u>138,545</u>	<u>75,110</u>	<u>213,655</u>
Fund balance, end of year	<u>\$ 119,196</u>	<u>75,869</u>	<u>195,065</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2004

	Public School Support	Local Grant	District Managed Student Activity	Auxiliary Service	Career Development
Assets:					
Equity in pooled cash and investments	\$ 60,097	20,197	36,902	39,451	504
Net receivables:					
Accounts	2,658	-	-	-	-
Intergovernmental	-	-	-	-	-
Prepays	-	-	-	-	-
Supplies and inventory	-	-	-	-	-
Total assets	<u>62,755</u>	<u>20,197</u>	<u>36,902</u>	<u>39,451</u>	<u>504</u>
Liabilities:					
Accounts payable	160	-	-	-	-
Accrued wages and benefits	-	-	-	819	-
Pension obligation payable	-	195	-	278	-
Deferred revenue	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Total liabilities	<u>160</u>	<u>195</u>	<u>-</u>	<u>1,097</u>	<u>-</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	6,032	915	7,070	994	-
Prepays	-	-	-	-	-
Unreserved-undesignated	<u>56,563</u>	<u>19,087</u>	<u>29,832</u>	<u>37,360</u>	<u>504</u>
Total fund balances	<u>62,595</u>	<u>20,002</u>	<u>36,902</u>	<u>38,354</u>	<u>504</u>
Total liabilities and fund balances	<u>\$ 62,755</u>	<u>20,197</u>	<u>36,902</u>	<u>39,451</u>	<u>504</u>

<u>Educational Management Information Systems</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Connectivity</u>	<u>SchoolNet Trainers</u>	<u>Ohio Reads Grant</u>	<u>Summer Intervention</u>	<u>Misc. State Grants</u>	<u>Adult Basic Learning Education</u>
17,620	82,223	-	3,561	-	12,080	7,836	699
-	-	-	-	-	-	-	-
-	-	-	-	-	20,115	-	-
72	6,886	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>17,692</u>	<u>89,109</u>	<u>-</u>	<u>3,561</u>	<u>-</u>	<u>32,195</u>	<u>7,836</u>	<u>699</u>
-	-	-	-	-	1,781	1,456	-
4,546	88,203	-	-	-	2,055	-	-
826	13,795	-	-	-	754	-	-
-	-	-	-	-	11,998	-	-
-	-	-	-	-	9,782	-	-
<u>5,372</u>	<u>101,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,370</u>	<u>1,456</u>	<u>-</u>
-	14,210	-	-	-	10,299	-	-
72	6,886	-	-	-	-	-	-
<u>12,248</u>	<u>(33,985)</u>	<u>-</u>	<u>3,561</u>	<u>-</u>	<u>(4,474)</u>	<u>6,380</u>	<u>699</u>
<u>12,320</u>	<u>(12,889)</u>	<u>-</u>	<u>3,561</u>	<u>-</u>	<u>5,825</u>	<u>6,380</u>	<u>699</u>
<u>17,692</u>	<u>89,109</u>	<u>-</u>	<u>3,561</u>	<u>-</u>	<u>32,195</u>	<u>7,836</u>	<u>699</u>

(Continued)

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet (continued)

Nonmajor Special Revenue Funds

June 30, 2004

	Eisenhower Grant	Title VIB	Carl Perkins	Title III	Title I
Assets:					
Equity in pooled cash and investments	\$ -	-	5,405	-	41,712
Net receivables:					
Accounts	-	-	-	-	-
Intergovernmental	-	112,107	-	3,077	180,595
Prepays	-	2,754	-	-	5,058
Supplies and inventory	-	-	-	-	-
Total assets	<u>-</u>	<u>114,861</u>	<u>5,405</u>	<u>3,077</u>	<u>227,365</u>
Liabilities:					
Accounts payable	-	-	-	-	17
Accrued wages and benefits	-	29,659	-	-	64,826
Pension obligation payable	-	3,064	-	-	8,778
Deferred revenue	-	-	-	-	114,628
Interfund loans payable	-	63,962	-	3,077	-
Total liabilities	<u>-</u>	<u>96,685</u>	<u>-</u>	<u>3,077</u>	<u>188,249</u>
Fund Balances:					
Fund Balances					
Reserved for:					
Encumbrances	-	8,211	-	-	38,638
Prepays	-	2,754	-	-	5,058
Unreserved-undesignated	-	7,211	5,405	-	(4,580)
Total fund balances	<u>-</u>	<u>18,176</u>	<u>5,405</u>	<u>-</u>	<u>39,116</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>114,861</u>	<u>5,405</u>	<u>3,077</u>	<u>227,365</u>

<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Preschool</u>	<u>Teacher Quality</u>	<u>Misc. Federal Grants</u>	<u>Food Service</u>	<u>TOTAL</u>
4,486	7,980	-	12,144	11,234	9,823	373,954
-	-	-	-	-	368	3,026
11,188	4,677	-	16,679	12,535	23,848	384,821
-	-	-	2,236	-	11,661	28,667
-	-	-	-	-	14,003	14,003
<u>15,674</u>	<u>12,657</u>	<u>-</u>	<u>31,059</u>	<u>23,769</u>	<u>59,703</u>	<u>804,471</u>
-	-	-	7	-	8,606	12,027
5,812	-	-	22,613	-	26,852	245,385
1,898	-	-	2,816	-	23,329	55,733
-	4,677	-	-	4,682	-	135,985
<u>2,643</u>	<u>4,677</u>	<u>-</u>	<u>-</u>	<u>7,364</u>	<u>144,640</u>	<u>236,145</u>
<u>10,353</u>	<u>9,354</u>	<u>-</u>	<u>25,436</u>	<u>12,046</u>	<u>203,427</u>	<u>685,275</u>
4,486	7,979	-	2,917	11,234	1,321	114,306
-	-	-	2,236	-	11,661	28,667
<u>835</u>	<u>(4,676)</u>	<u>-</u>	<u>470</u>	<u>489</u>	<u>(156,706)</u>	<u>(23,777)</u>
<u>5,321</u>	<u>3,303</u>	<u>-</u>	<u>5,623</u>	<u>11,723</u>	<u>(143,724)</u>	<u>119,196</u>
<u>15,674</u>	<u>12,657</u>	<u>-</u>	<u>31,059</u>	<u>23,769</u>	<u>59,703</u>	<u>804,471</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

All Nonmajor Special Revenue Funds

Year Ended June 30, 2004

	Public School Support	Local Grant	District Managed Student Activity	Auxiliary Service	Career Development
Revenues:					
Extracurricular activities	\$ -	-	144,784	-	-
Charges for services	56,604	-	-	-	-
Interest	-	-	-	129	-
Intergovernmental	-	-	-	188,892	3,003
Miscellaneous	33,469	7,820	-	-	-
Total revenues	<u>90,073</u>	<u>7,820</u>	<u>144,784</u>	<u>189,021</u>	<u>3,003</u>
Expenditures:					
Current:					
Instruction:					
Regular	51,600	9,128	-	-	3,346
Special	-	-	-	-	-
Adult	-	-	-	-	-
Support services:					
Pupil	2,083	4,832	-	-	-
Instructional staff	7,961	7,235	-	-	-
School administration	-	-	-	-	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	78
Central	-	-	-	-	-
Community services	3,925	25,609	-	171,424	-
Non-instructional services:					
Extracurricular activities	7,237	-	155,561	-	-
Food services	-	-	-	-	-
Total expenditures	<u>72,806</u>	<u>46,804</u>	<u>155,561</u>	<u>171,424</u>	<u>3,424</u>
Excess of revenues over (under) expenditures	17,267	(38,984)	(10,777)	17,597	(421)
Other financing sources (uses):					
Operating transfers in	-	-	13,200	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,200</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,267	(38,984)	2,423	17,597	(421)
Fund balance, beginning of year	45,328	58,986	34,479	20,757	925
Fund balance, end of year	<u>\$ 62,595</u>	<u>20,002</u>	<u>36,902</u>	<u>38,354</u>	<u>504</u>

<u>Educational Management Information Systems</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Connectivity</u>	<u>SchoolNet Trainers</u>	<u>Ohio Reads Grant</u>	<u>Summer Intervention</u>	<u>Misc. State Grants</u>	<u>Adult Basic Learning Education</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,828	817,173	21,000	4,140	10,000	41,986	6,077	52,933
-	-	-	-	-	-	-	-
<u>9,828</u>	<u>817,173</u>	<u>21,000</u>	<u>4,140</u>	<u>10,000</u>	<u>41,986</u>	<u>6,077</u>	<u>52,933</u>
-	640,391	-	370	12,765	34,751	4,306	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	38,282
-	-	-	-	9,689	-	-	13,952
-	-	-	1,513	-	1,410	3,300	-
-	-	-	-	1,000	-	-	-
-	124,726	-	-	-	-	2,777	-
-	-	-	-	-	-	-	-
44,639	-	21,000	-	-	-	-	-
-	-	-	2,224	10,231	-	773	55
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>44,639</u>	<u>765,117</u>	<u>21,000</u>	<u>4,107</u>	<u>33,685</u>	<u>36,161</u>	<u>11,156</u>	<u>52,289</u>
(34,811)	52,056	-	33	(23,685)	5,825	(5,079)	644
45,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,189	52,056	-	33	(23,685)	5,825	(5,079)	644
2,131	(64,945)	-	3,528	23,685	-	11,459	55
<u>12,320</u>	<u>(12,889)</u>	<u>-</u>	<u>3,561</u>	<u>-</u>	<u>5,825</u>	<u>6,380</u>	<u>699</u>

(Continued)

NORWOOD CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)

All Nonmajor Special Revenue Funds

Year Ended June 30, 2004

	Eisenhower Grant	Title VIB	Carl Perkins	Title III	Title I
Revenues:					
Extracurricular activities	\$ -	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	384,318	5,238	24,081	440,947
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>384,318</u>	<u>5,238</u>	<u>24,081</u>	<u>440,947</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	1,859	-	-
Special	-	21,847	-	24,081	431,490
Adult	-	-	-	-	-
Support services:					
Pupil	-	310,910	-	-	(171)
Instructional staff	693	4,882	-	-	5,650
School administration	-	27,726	-	-	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	-	-	1,479	-	-
Central	-	-	-	-	-
Community services	-	10,529	-	-	27,853
Non-instructional services:					
Extracurricular activities	-	-	-	-	-
Food services	-	-	-	-	-
Total expenditures	<u>693</u>	<u>375,894</u>	<u>3,338</u>	<u>24,081</u>	<u>464,822</u>
Excess of revenues over (under) expenditures	(693)	8,424	1,900	-	(23,875)
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers out	(32)	-	-	-	-
Total other financing sources (uses)	<u>(32)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(725)	8,424	1,900	-	(23,875)
Fund balance, beginning of year	725	9,752	3,505	-	62,991
Fund balance, end of year	\$ <u>-</u>	<u>18,176</u>	<u>5,405</u>	<u>-</u>	<u>39,116</u>

<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Preschool</u>	<u>Teacher Quality</u>	<u>Misc. Federal Grants</u>	<u>Food Service</u>	<u><i>TOTAL</i></u>
-	-	-	-	-	-	144,784
-	-	-	-	-	441,319	497,923
-	-	-	-	-	-	129
19,609	12,924	11,952	175,743	11,241	692,330	2,933,415
-	-	-	-	-	-	41,289
<u>19,609</u>	<u>12,924</u>	<u>11,952</u>	<u>175,743</u>	<u>11,241</u>	<u>1,133,649</u>	<u>3,617,540</u>
15,885	2,396	-	91,446	3,160	-	871,403
-	-	-	71,840	2,461	-	551,719
-	-	-	-	-	-	38,282
-	-	11,844	-	-	-	353,139
125	22,208	-	4,032	604	-	59,613
-	-	-	-	-	-	28,726
-	-	-	-	-	-	127,503
-	-	-	-	-	-	1,557
-	-	-	-	-	-	65,639
-	-	-	-	67,354	-	319,977
-	-	-	-	-	-	162,798
-	-	-	-	-	1,164,733	1,164,733
<u>16,010</u>	<u>24,604</u>	<u>11,844</u>	<u>167,318</u>	<u>73,579</u>	<u>1,164,733</u>	<u>3,745,089</u>
3,599	(11,680)	108	8,425	(62,338)	(31,084)	(127,549)
-	-	-	32	-	50,000	108,232
-	-	-	-	-	-	(32)
-	-	-	32	-	50,000	108,200
3,599	(11,680)	108	8,457	(62,338)	18,916	(19,349)
<u>1,722</u>	<u>14,983</u>	<u>(108)</u>	<u>(2,834)</u>	<u>74,061</u>	<u>(162,640)</u>	<u>138,545</u>
<u>5,321</u>	<u>3,303</u>	<u>-</u>	<u>5,623</u>	<u>11,723</u>	<u>(143,724)</u>	<u>119,196</u>

NORWOOD CITY SCHOOL DISTRICT, OHIO
 Combining Statement of Changes in Fiduciary Assets
 Agency Funds
 Year Ended June 30, 2004

	Beginning Balance 7/1/03	Additions	Deductions	Ending Balance 6/30/04
STUDENT ACTIVITIES FUND				
Assets:				
Equity in pooled cash and investments	\$ 35,519	92,796	102,799	25,516
Liabilities:				
Due to student groups	35,519	92,796	102,799	25,516
<hr/>				
EMPLOYEE INSURANCE ROTARY				
Assets:				
Equity in pooled cash and investments	860	2,465,259	2,426,655	39,464
Liabilities:				
Due to others	860	2,465,259	2,426,655	39,464
<hr/>				
TOTAL				
Assets:				
Equity in pooled cash and investments	36,379	2,558,055	2,529,454	64,980
Liabilities:				
Due to others	860	2,465,259	2,426,655	39,464
Due to student groups	35,519	92,796	102,799	25,516
	\$ 36,379	2,558,055	2,529,454	64,980

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

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budget Basis)
 Public School Support Fund
 Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ <u>87,037</u>	<u>90,570</u>	<u>3,533</u>
Total revenues	<u>87,037</u>	<u>90,570</u>	<u>3,533</u>
Expenditures:			
Current:			
Instruction:			
Regular	74,593	58,088	16,505
Special	1,201	-	1,201
Other instruction	778	445	333
Support Services:			
Pupils	5,049	2,453	2,596
Instructional staff	7,961	7,961	-
Community services	4,992	4,000	992
Extracurricular activities	<u>11,189</u>	<u>7,894</u>	<u>3,295</u>
Total expenditures	<u>105,763</u>	<u>80,841</u>	<u>24,922</u>
Excess of revenues over (under) expenditures	(18,726)	9,729	28,455
Other financing sources:			
Transfers in	<u>1,635</u>	<u>1,635</u>	<u>-</u>
Net change in fund balance	(17,091)	11,364	28,455
Fund balance, beginning of year	36,651	36,651	
Prior year encumbrances appropriated	<u>5,887</u>	<u>5,887</u>	
Fund balance, end of year	\$ <u>25,447</u>	<u>53,902</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Local Grant Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ <u>7,820</u>	<u>7,820</u>	<u>-</u>
Total revenues	<u>7,820</u>	<u>7,820</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	21,443	9,656	11,787
Support Services:			
Pupils	8,998	8,998	-
Instructional staff	14,820	7,624	7,196
Community services	-	-	-
Extracurricular activities	-	-	-
Total expenditures	<u>45,261</u>	<u>26,278</u>	<u>18,983</u>
Excess of revenues over (under) expenditures	(37,441)	(18,458)	18,983
Other financing sources (uses):			
Other financing uses	<u>(25,609)</u>	<u>(25,609)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,609)</u>	<u>(25,609)</u>	<u>-</u>
Net change in fund balance	(63,050)	(44,067)	18,983
Fund balance, beginning of year	55,970	55,970	
Prior year encumbrances appropriated	<u>7,380</u>	<u>7,380</u>	
Fund balance, end of year	\$ <u>300</u>	<u>19,283</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

District Managed Student Activity

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
From local sources:			
Other local revenues	\$ 144,766	144,841	75
Total revenues	<u>144,766</u>	<u>144,841</u>	<u>75</u>
Expenditures:			
Current:			
Extracurricular activities	196,035	166,319	29,716
Total expenditures	<u>196,035</u>	<u>166,319</u>	<u>29,716</u>
Excess of revenues over (under) expenditures	(51,269)	(21,478)	29,791
Other financing sources:			
Transfers in	<u>13,200</u>	<u>13,200</u>	<u>-</u>
Net change in fund balance	(38,069)	(8,278)	29,791
Fund balance, beginning of year	36,067	36,067	
Prior year encumbrances appropriated	<u>2,045</u>	<u>2,045</u>	
Fund balance, end of year	\$ <u>43</u>	<u>29,834</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Auxiliary Services Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Interest	\$ 123	129	6
Intergovernmental	<u>188,892</u>	<u>188,892</u>	<u>-</u>
Total revenues	<u>189,015</u>	<u>189,021</u>	<u>6</u>
Expenditures:			
Current:			
Community services	<u>198,450</u>	<u>160,000</u>	<u>38,450</u>
Total expenditures	<u>198,450</u>	<u>160,000</u>	<u>38,450</u>
Excess of revenues over (under) expenditures	(9,435)	29,021	38,456
Other financing uses:			
Other financing uses	<u>(17,881)</u>	<u>(17,881)</u>	<u>-</u>
Net change in fund balance	(27,316)	11,140	38,456
Fund balance, beginning of year	404	404	
Prior year encumbrances appropriated	<u>26,912</u>	<u>26,912</u>	
Fund balance, end of year	\$ <u>-</u>	<u>38,456</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Career Development

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 3,003	3,003	-
Total revenues	<u>3,003</u>	<u>3,003</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,450	3,344	106
Support services:			
Pupil transportation	<u>477</u>	<u>78</u>	<u>399</u>
Total expenditures	<u>3,927</u>	<u>3,422</u>	<u>505</u>
Net change in fund balance	(924)	(419)	505
Fund balance, beginning of year	429	429	
Prior year encumbrances appropriated	<u>495</u>	<u>495</u>	
Fund balance, end of year	\$ <u>-</u>	<u>505</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Educational Management Information Systems Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 9,828	9,828	-
Total revenues	<u>9,828</u>	<u>9,828</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Central	<u>51,420</u>	<u>47,332</u>	<u>4,088</u>
Total expenditures	<u>51,420</u>	<u>47,332</u>	<u>4,088</u>
Excess of revenues over (under) expenditures	(41,592)	(37,504)	4,088
Other financing sources (uses):			
Transfers in	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net change in fund balance	3,408	7,496	4,088
Fund balance, beginning of year	10,124	10,124	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>13,532</u>	<u>17,620</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Disadvantaged Pupil Impact Aid Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 817,173	817,173	-
Total revenues	<u>817,173</u>	<u>817,173</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	755,626	732,416	23,210
Support services:			
Operation and maintenance of plant	<u>152,739</u>	<u>129,701</u>	<u>23,038</u>
Total expenditures	<u>908,365</u>	<u>862,117</u>	<u>46,248</u>
Net change in fund balance	(91,192)	(44,944)	46,248
Fund balance, beginning of year	112,557	112,557	
Prior year encumbrances appropriated	<u>400</u>	<u>400</u>	
Fund balance, end of year	\$ <u>21,765</u>	<u>68,013</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Data Connectivity Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 21,000	21,000	-
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Central	21,000	21,000	-
Total expenditures	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Schoolnet Trainers Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 4,140	4,140	-
Total revenues	<u>4,140</u>	<u>4,140</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	369	369	-
Support services:			
Instructional staff	5,073	1,513	3,560
Administration	-	-	-
Total expenditures	<u>5,442</u>	<u>1,882</u>	<u>3,560</u>
Excess of revenues over (under) expenditures	(1,302)	2,258	3,560
Other financing sources (uses):			
Other financing uses	<u>(2,224)</u>	<u>(2,224)</u>	<u>-</u>
Net change in fund balance	(3,526)	34	3,560
Fund balance, beginning of year	3,526	3,526	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>3,560</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Ohio Reads Grant Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 10,000	10,000	-
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,766	12,766	-
Support services:			
Pupil	9,689	9,689	-
Administration	1,000	1,000	-
Community services	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>33,455</u>	<u>33,455</u>	<u>-</u>
Excess of revenues over (under) expenditures	(23,455)	(23,455)	-
Other financing sources:			
Other financing uses	<u>(233)</u>	<u>(233)</u>	<u>-</u>
Net change in fund balance	(23,688)	(23,688)	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>23,688</u>	<u>23,688</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Summer Intervention Grant Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 53,985	33,869	(20,116)
Total revenues	<u>53,985</u>	<u>33,869</u>	<u>(20,116)</u>
Expenditures:			
Current:			
Instruction:			
Regular	50,171	39,841	10,330
Support services:			
Instructional staff	<u>3,814</u>	<u>3,810</u>	<u>4</u>
Total expenditures	<u>53,985</u>	<u>43,651</u>	<u>10,334</u>
Excess of revenues over (under) expenditures	-	(9,782)	(9,782)
Other financing sources:			
Advances in	<u>-</u>	<u>9,782</u>	<u>9,782</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous State Grants Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 6,077	6,077	-
Total revenues	<u>6,077</u>	<u>6,077</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	7,864	4,296	3,568
Support services:			
Instructional staff	3,300	3,300	-
Operation and maintenance - plant	5,322	2,777	2,545
Pupil transportation	-	-	-
Community services	-	-	-
Total expenditures	<u>16,486</u>	<u>10,373</u>	<u>6,113</u>
Excess of revenues over (under) expenditures	<u>(10,409)</u>	<u>(4,296)</u>	<u>6,113</u>
Other financing sources (uses):			
Other financing uses	(773)	(773)	-
Net change in fund balance	(11,182)	(5,069)	6,113
Fund balance, beginning of year	10,400	10,400	
Prior year encumbrances appropriated	<u>1,060</u>	<u>1,060</u>	
Fund balance, end of year	\$ <u>278</u>	<u>6,391</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Adult Basic Learning Education Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 54,613	54,613	-
Total revenues	<u>54,613</u>	<u>54,613</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Other instruction	38,977	38,282	695
Support Services:			
Pupil	13,956	13,952	4
Instructional staff	-	-	-
Administration	-	-	-
Total expenditures	<u>52,933</u>	<u>52,234</u>	<u>699</u>
Excess of revenues over expenditures	1,680	2,379	699
Other financing sources (uses):			
Advances out	-	(1,680)	(1,680)
Other financing uses	(55)	(55)	-
Total other financing sources (uses)	<u>(55)</u>	<u>(1,735)</u>	<u>(1,680)</u>
Net change in fund balance	1,625	644	(981)
Fund balance, beginning of year	55	55	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>1,680</u>	<u>699</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Eisenhower Grant Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Instructional staff	<u>1,582</u>	<u>1,582</u>	<u>-</u>
Total expenditures	<u>1,582</u>	<u>1,582</u>	<u>-</u>
Excess of revenues over (under) expenditures	(1,582)	(1,582)	-
Other financing sources (uses):			
Transfers out	<u>(32)</u>	<u>(32)</u>	<u>-</u>
Net change in fund balance	(1,614)	(1,614)	-
Fund balance, beginning of year	37	37	
Prior year encumbrances appropriated	<u>1,577</u>	<u>1,577</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Title VI-B Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 384,318	272,211	(112,107)
Total revenues	<u>384,318</u>	<u>272,211</u>	<u>(112,107)</u>
Expenditures:			
Current:			
Instruction:			
Special	21,780	17,116	4,664
Support Services:			
Pupils	362,995	332,608	30,387
Instructional staff	4,882	4,882	-
Administration	32,609	27,726	4,883
Community services	<u>10,529</u>	<u>10,529</u>	<u>-</u>
Total expenditures	<u>432,795</u>	<u>392,861</u>	<u>39,934</u>
Excess of revenues over (under) expenditures	(48,477)	(120,650)	(72,173)
Other financing sources (uses):			
Transfers in	17,640	17,640	-
Transfers out	(17,640)	(17,640)	-
Advances in	<u>-</u>	<u>25,212</u>	<u>25,212</u>
Total other financing sources (uses)	<u>-</u>	<u>25,212</u>	<u>25,212</u>
Net change in fund balance	(48,477)	(95,438)	(46,961)
Fund balance, beginning of year	38,951	38,951	
Prior year encumbrances appropriated	<u>9,526</u>	<u>9,526</u>	
Fund balance, end of year	\$ <u>-</u>	<u>(46,961)</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Carl Perkins Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 5,238	5,238	-
Total revenues	<u>5,238</u>	<u>5,238</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	6,721	1,859	4,862
Support Services:			
Pupil transportation	2,022	1,479	543
Instructional staff	-	-	-
Community services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,743</u>	<u>3,338</u>	<u>5,405</u>
Net change in fund balance	(3,505)	1,900	5,405
Fund balance, beginning of year	1,780	1,780	
Prior year encumbrances appropriated	<u>1,725</u>	<u>1,725</u>	
Fund balance, end of year	\$ <u>-</u>	<u>5,405</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

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

Title III

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 24,081	21,004	(3,077)
Total revenues	<u>24,081</u>	<u>21,004</u>	<u>(3,077)</u>
Expenditures:			
Current:			
Instruction:			
Special	24,081	24,081	-
Total expenditures	<u>24,081</u>	<u>24,081</u>	<u>-</u>
Net change in fund balance	-	(3,077)	(3,077)
Fund balance, beginning of year	-	-	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>(3,077)</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIOSchedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis)

Title I

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 722,031	541,436	(180,595)
Total revenues	<u>722,031</u>	<u>541,436</u>	<u>(180,595)</u>
Expenditures:			
Current:			
Instruction:			
Special	650,685	495,826	154,859
Support Services:			
Pupils	1,165	1,165	-
Instructional staff	53,523	41,399	12,124
Community services	49,000	32,331	16,669
Total expenditures	<u>754,373</u>	<u>570,721</u>	<u>183,652</u>
Excess of revenues over expenditures	(32,342)	(29,285)	3,057
Other financing sources (uses):			
Transfers in	2,037	2,037	-
Transfers out	(2,037)	(2,037)	-
Other financing uses	(465)	(465)	-
Total other financing sources (uses)	<u>(465)</u>	<u>(465)</u>	<u>-</u>
Net change in fund balance	(32,807)	(29,750)	3,057
Fund balance, beginning of year	19,426	19,426	
Prior year encumbrances appropriated	<u>13,381</u>	<u>13,381</u>	
Fund balance, end of year	\$ <u>-</u>	<u>3,057</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Title VI Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 19,609	8,421	(11,188)
Total revenues	<u>19,609</u>	<u>8,421</u>	<u>(11,188)</u>
Expenditures:			
Current:			
Instruction:			
Regular	17,685	10,619	7,066
Support Services:			
Pupil	1,000	1,000	-
Instructional staff	1,167	1,167	-
Community services	1,479	-	1,479
Total expenditures	<u>21,331</u>	<u>12,786</u>	<u>8,545</u>
Excess of revenues over (under) expenditures	<u>(1,722)</u>	<u>(4,365)</u>	<u>(2,643)</u>
Other financing sources (uses):			
Advances in	-	2,643	2,643
Transfers in	1,722	1,722	-
Transfers out	(1,722)	(1,722)	-
Total other financing sources (uses)	<u>-</u>	<u>2,643</u>	<u>2,643</u>
Net change in fund balance	(1,722)	(1,722)	-
Fund balance, beginning of year	1,722	1,722	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Drug Free Schools Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 20,676	16,000	(4,676)
Total revenues	<u>20,676</u>	<u>16,000</u>	<u>(4,676)</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,761	3,761	-
Support Services:			
Instructional staff	25,818	25,818	-
Operation and maintenance of plant	4,369	4,369	-
Total expenditures	<u>33,948</u>	<u>33,948</u>	<u>-</u>
Excess of revenues over (under) expenditures	(13,272)	(17,948)	(4,676)
Other financing sources:			
Advances in	-	4,677	4,677
Advances out	-	(3,076)	(3,076)
Transfers in	4,452	4,452	-
Transfers out	(4,452)	(4,452)	-
Total other financing sources (uses)	<u>-</u>	<u>1,601</u>	<u>1,601</u>
Net change in fund balance	(13,272)	(16,347)	(3,075)
Fund balance, beginning of year	1,186	1,186	
Prior year encumbrances appropriated	<u>15,161</u>	<u>15,161</u>	
Fund balance, end of year	\$ <u><u>3,075</u></u>	<u><u>-</u></u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Preschool Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Other local revenues	\$ 13,007	13,007	-
Total revenues	<u>13,007</u>	<u>13,007</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupil	13,726	13,726	-
Total expenditures	<u>13,726</u>	<u>13,726</u>	<u>-</u>
Net change in fund balance	(719)	(719)	-
Fund balance, beginning of year	719	719	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Teacher Quality Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Intergovernmental	\$ 204,893	188,214	(16,679)
Total revenues	<u>204,893</u>	<u>188,214</u>	<u>(16,679)</u>
Expenditures:			
Current:			
Instruction:			
Regular	114,887	101,389	13,498
Special	83,770	73,574	10,196
Support services:			
Instructional staff	<u>9,153</u>	<u>6,948</u>	<u>2,205</u>
Total expenditures	<u>207,810</u>	<u>181,911</u>	<u>25,899</u>
Excess of revenues over (under) expenditures	(2,917)	6,303	9,220
Other financing sources (uses):			
Transfers in	1,106	1,106	-
Transfers out	<u>(1,074)</u>	<u>(1,074)</u>	<u>-</u>
Total other financing sources (uses)	<u>32</u>	<u>32</u>	<u>-</u>
Net change in fund balance	(2,885)	6,335	9,220
Fund balance, beginning of year	2,885	2,885	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>9,220</u></u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Miscellaneous Federal Grants Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$ 55,182	42,647	(12,535)
Total revenues	<u>55,182</u>	<u>42,647</u>	<u>(12,535)</u>
Expenditures:			
Current:			
Instruction:			
Regular	19,809	19,809	-
Support services:			
Instructional staff	5,222	2,204	3,018
Community services	96,327	94,174	2,153
Total expenditures	<u>121,358</u>	<u>116,187</u>	<u>5,171</u>
Excess of revenues over (under) expenditures	(66,176)	(73,540)	(7,364)
Other financing sources:			
Advances in	-	7,364	7,364
Transfers in	4,784	4,784	-
Transfers out	(4,784)	(4,784)	-
Total other financing sources	<u>-</u>	<u>7,364</u>	<u>7,364</u>
Net change in fund balance	(66,176)	(66,176)	-
Fund balance, beginning of year	16,562	16,562	
Prior year encumbrances appropriated	<u>49,614</u>	<u>49,614</u>	
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Food Service Fund

Year Ended June 30, 2004

	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for services	\$ 453,570	440,951	(12,619)
Intergovernmental	627,290	626,830	(460)
Total revenues	<u>1,080,860</u>	<u>1,067,781</u>	<u>(13,079)</u>
Expenditures:			
Current:			
Food services	1,186,995	1,179,586	7,409
Total expenditures	<u>1,186,995</u>	<u>1,179,586</u>	<u>7,409</u>
Excess of revenues over (under) expenditures	(106,135)	(111,805)	(5,670)
Other financing sources (uses):			
Advances in	144,640	144,640	-
Advances out	(100,000)	(100,000)	-
Transfers in	50,000	50,000	-
Total other financing sources (uses)	<u>94,640</u>	<u>94,640</u>	<u>-</u>
Net change in fund balance	(11,495)	(17,165)	(5,670)
Fund balance, beginning of year	4,665	4,665	
Prior year encumbrances appropriated	<u>12,500</u>	<u>12,500</u>	
Fund balance, end of year	\$ <u>5,670</u>	<u>-</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Capital Projects Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ 86,325	89,348	3,023
Total revenues	<u>86,325</u>	<u>89,348</u>	<u>3,023</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	260,299	100,408	159,891
Facilities acquisition and construction	763,071	736,653	26,418
Debt service:			
Repayment of debt	-	-	-
Total expenditures	<u>1,023,370</u>	<u>837,061</u>	<u>186,309</u>
Excess of revenues over (under) expenditures	(937,045)	(747,713)	189,332
Other financing sources:			
Transfers in	100,000	100,000	-
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(837,045)	(647,713)	189,332
Fund balance, beginning of year	1,570,898	1,570,898	
Prior year encumbrances appropriated	<u>608,795</u>	<u>608,795</u>	
Fund balance, end of year	\$ <u>1,342,648</u>	<u>1,531,980</u>	

NORWOOD CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budget Basis)

Permanent Fund

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:			
Earnings on investments	\$ 694	759	65
Total revenues	<u>694</u>	<u>759</u>	<u>65</u>
Expenditures:			
Current:			
Community services	1,000	-	1,000
Total expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balance	(306)	759	1,065
Fund balance, beginning of year	75,109	75,109	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	
Fund balance, end of year	\$ <u>74,803</u>	<u>75,868</u>	

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STATISTICAL TABLES

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

Norwood City School District, Ohio
General Governmental
Expenditures by Function (1)
Last Ten Fiscal Years

	2004	2003	2002	2001
Instructional Services	\$14,827,155	\$15,047,002	\$14,025,852	\$13,423,895
Support Services	8,855,502	8,861,780	7,959,350	6,922,941
Extracurricular Activities	569,821	477,210	432,717	381,771
Non-Instructional Services	1,498,435	2,254,696	2,126,059	766,198
Capital Outlay	1,634,857	2,836,993	434,191	12,333
Debt Service	477,139	147,355	0	885,869
Total	\$27,862,909	\$29,625,036	\$24,978,169	\$22,393,007

Source: School District Financial Records

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

When sufficient data is available, an additional table will be added comparing annual expenses of governmental activities on the full accrual basis of accounting.

TABLE 1

2000	1999	1998	1997	1996	1995
\$13,445,859	\$12,746,413	\$11,584,813	\$11,169,672	\$10,687,382	\$9,748,747
7,089,733	7,269,227	6,998,881	7,358,753	6,609,704	7,383,986
412,139	430,994	366,902	365,412	351,324	310,658
269,630	288,231	390,126	268,731	97,263	94,688
0	0	0	0	0	0
290,521	349,241	388,868	371,168	656,471	474,311
\$21,507,882	\$21,084,106	\$19,729,590	\$19,533,736	\$18,402,144	\$18,012,390

Norwood City School District, Ohio
General Governmental
Revenues by Source (1)
Last Ten Fiscal Years

	2004	2003	2002	2001
Property Taxes	\$11,339,509	\$14,153,575	\$12,739,569	\$11,274,630
State Sources	12,149,669	12,791,145	13,378,774	12,317,233
Investment Income	192,356	270,538	645,949	229,159
Tuition	52,609	49,484	84,782	104,259
Other	868,916	1,050,930	2,122,959	485,776
Total	\$24,603,059	\$28,315,672	\$28,972,033	\$24,411,057

Source: School District Financial Records

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

When sufficient data is available, an additional table will be added comparing annual expenses of governmental activities on the full accrual basis of accounting.

TABLE 2

2000	1999	1998	1997	1996	1995
\$10,331,498	\$10,536,052	\$10,199,574	\$9,668,355	\$10,749,954	\$9,467,370
11,103,013	10,528,926	9,003,362	8,596,481	8,335,787	7,833,677
266,992	227,635	239,679	236,735	285,603	296,837
14,665	13,085	24,350	21,425	30,090	34,187
563,330	502,125	398,941	233,397	362,404	263,913
\$22,279,498	\$21,807,823	\$19,865,906	\$18,756,393	\$19,763,838	\$17,895,984

Norwood City School District, Ohio
Property Tax Levies and Collections
Real and Tangible Personal Property (1)
Last Nine Calendar Years (2)

Year (3)	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2003	\$13,838,077	\$1,299,975	\$15,138,052	\$13,660,996	98.72%
2002	14,196,171	1,489,960	15,686,131	13,571,297	95.60%
2001	13,486,181	1,612,516	15,098,697	13,049,312	96.76%
2000	11,587,641	817,222	12,404,863	10,812,025	93.31%
1999	11,012,017	902,724	11,914,741	10,702,287	97.19%
1998	10,900,275	1,107,497	12,007,772	10,594,422	97.19%
1997	11,002,151	873,704	11,875,855	10,617,906	96.51%
1996	10,505,089	865,505	11,370,594	10,085,363	96.00%
1995	9,289,439	1,106,568	10,396,007	9,000,870	96.89%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Nine calendar years was the only data available from the Hamilton County Auditor.
- (3) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

TABLE 3

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Current Levy</u>
\$720,731	\$14,381,727	103.93%
482,962	14,054,259	99.00%
868,344	13,917,656	103.20%
391,842	11,203,867	96.69%
368,921	11,071,208	100.54%
725,439	11,319,861	103.85%
456,557	11,074,463	100.66%
334,294	10,419,657	99.19%
541,923	9,542,793	102.73%

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

Year (1)	----- Real Property -----		Public Utility ----- Personal Property -----	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	\$295,310,120	\$843,743,200	\$16,342,550	\$23,533,272
2003	295,396,660	843,990,457	15,828,170	22,792,565
2002	263,518,780	752,910,800	14,749,910	21,239,870
2001	247,941,360	708,403,886	16,167,600	23,281,344
2000	240,282,510	686,521,457	18,178,810	26,177,486
1999	212,197,220	606,277,771	18,483,600	26,616,384
1998	211,643,640	604,696,114	18,816,890	27,096,322
1997	209,264,480	597,898,514	19,966,850	28,752,264
1996	190,024,880	542,928,229	19,853,800	28,589,472
1995	188,334,210	538,097,743	21,766,980	31,344,451

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

(1) Represents tax collection year

TABLE 4

Tangible Personal ----- Property -----		----- Total -----		Ratio
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$57,716,820	\$240,486,750	\$369,369,490	\$1,107,763,222	33%
67,908,560	282,952,333	379,133,390	1,149,735,355	33%
67,012,950	279,220,625	345,281,640	1,053,371,295	33%
62,575,880	250,303,520	326,684,840	981,988,750	33%
63,305,930	253,223,720	321,767,250	965,922,664	33%
60,868,750	243,475,000	291,549,570	876,369,155	33%
59,576,640	238,306,560	290,037,170	870,098,996	33%
57,318,850	229,275,400	286,550,180	855,926,178	33%
51,913,960	207,655,840	261,792,640	779,173,541	34%
46,149,080	184,596,320	256,250,270	754,038,514	34%

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

Tax Year	2003	2002	2001	2000	1999
Norwood City School District	\$50.96	\$49.90	\$52.95	\$52.80	\$48.57
Hamilton County	21.51	21.87	21.47	20.83	19.54
City of Norwood	11.40	11.40	11.40	11.40	11.40
Great Oaks Joint Vocational School	2.70	2.70	2.70	2.70	2.70
Total	\$86.57	\$85.87	\$88.52	\$87.73	\$82.21

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

TABLE 5

1998	1997	1996	1995	1994
\$48.82	\$48.90	\$49.51	\$49.92	\$46.63
19.01	19.44	18.30	18.30	18.33
11.40	11.40	11.40	11.40	11.40
2.70	2.70	2.70	2.70	2.70
\$81.93	\$82.44	\$81.91	\$82.32	\$79.06

Norwood City School District, Ohio
Ratio of General Obligation Bonded Debt to
Assessed Value and Bonded Debt Per Capita
Last Ten Fiscal Years

Year	General Obligation Bonded Debt	Assessed Value	District Population	Less Debt Service Fund
2004	\$0	\$369,369,490	21,675	\$0
2003	0	379,133,390	21,675	0
2002	0	345,281,640	21,675	0
2001	810,000	326,684,840	21,675	0
2000	810,000	321,767,250	21,675	0
1999	990,000	291,549,570	23,674	0
1998	1,170,000	290,037,170	23,674	0
1997	1,350,000	286,550,180	23,674	0
1996	1,530,000	261,792,640	23,674	0
1995	1,870,000	256,250,270	23,674	8,577

Source: City of Norwood and School District Records

TABLE 6

Net Bonded Debt	Ratio of Debt to Assessed Value	Net Debt Per Capita
\$0	0.00%	\$0.00
0	0.00%	0.00
0	0.00%	0.00
810,000	0.25%	37.37
810,000	0.25%	37.37
990,000	0.34%	41.82
1,170,000	0.40%	49.42
1,350,000	0.47%	57.02
1,530,000	0.58%	64.63
1,861,423	0.73%	78.63

Norwood City School District, Ohio
Computation of Legal Debt Margin
June 30, 2004

TABLE 7

Assessed Valuation	<u>\$369,369,490</u>
Debt Limit - 9% of Assessed Value (1)	\$33,243,254
Amount of Debt Applicable to Debt Limit:	
Less: Amount Available in Debt Service Fund	<u>0</u>
Total Debt Subject to Limit	<u>0</u>
Overall Debt Margin	<u>\$33,243,254</u>
Debt Limit - .10% of Assessed Value (1)	\$369,369
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$369,369</u>

Source: Hamilton County Auditor and School District Financial Records

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

Norwood City School District, Ohio
Computation of Overlapping General Obligation Bonded Debt
June 30, 2004

TABLE 8

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to District (1)	Amount Applicable to District
City of Norwood	\$5,060,907	98.91%	\$5,005,743
Hamilton County	115,475,000	1.98%	2,286,405
Great Oaks Career Center School District	5,310,000	2.16%	114,696
Total	\$125,845,907		\$7,406,844

Source: Ohio Municipal Advisory Council

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 2004 collection year.

Norwood City School District, Ohio
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Calendar Years

TABLE 9

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2004	\$0	\$0	\$0	\$23,508,602	0.00%
2003	0	0	0	21,970,254	0.00%
2002	0	0	0	19,942,998	0.00%
2001	810,000	75,869	885,869	18,756,330	4.72%
2000	180,000	64,868	244,868	18,793,097	1.30%
1999	180,000	77,018	257,018	18,785,756	1.37%
1998	180,000	89,336	269,336	17,352,711	1.55%
1997	180,000	98,385	278,385	16,800,322	1.66%
1996	180,000	114,346	294,346	15,775,791	1.87%
1995	340,000	71,604	411,604	14,544,841	2.83%

Source: School District Financial Records.

**Norwood City School District
Demographic Statistics
Last Ten Calendar Years**

TABLE 10

Year	Hamilton County Population (1)	Norwood City Population (1)	School Enrollment (2)	Unemployment Rate Cincinnati Metro (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate U.S.A. (3)
2003	845,303	21,675	2,659	5.10%	6.00%	5.70%
2002	845,303	21,675	2,835	4.80%	5.80%	6.10%
2001	845,303	21,675	2,877	3.70%	4.30%	4.80%
2000	845,303	21,675	2,972	2.90%	4.10%	4.00%
1999	865,590	23,674	3,081	3.30%	4.50%	4.50%
1998	865,590	23,674	3,173	3.40%	4.50%	4.70%
1997	865,590	23,674	3,270	3.80%	4.30%	5.20%
1996	865,590	23,674	3,302	4.30%	4.60%	5.40%
1995	865,590	23,674	3,408	4.20%	4.50%	5.50%
1994	865,590	23,674	3,438	4.80%	5.40%	6.20%

Source:

(1) 1990 Census and 2000 Census

(2) School District Records

(3) Ohio Bureau Employment Services

Norwood City School District, Ohio
Property Value, Financial Institution Deposits
Last Ten Calendar Years

TABLE 11

Year	Property Value (Real Estate Only)	County Bank Deposits (1) (3)
2003	\$295,396,660	\$147,868,600
2002	263,518,780	162,576,463
2001	247,941,360	133,025,841
2000	240,282,510	76,238,995
1999	212,197,220	N/A
1998	211,643,640	N/A
1997	209,264,480	N/A
1996	190,024,880	N/A
1995	188,334,210	N/A
1994	184,374,600	N/A

Source:

(1) Federal Reserve Bank of Cleveland & Federal Deposit Insurance Corp. (www2.FDIC.GOV)

(2) Hamilton County Department of Economic Development and Planning

(3) Information Unavailable

Norwood City School District, Ohio
Principal Taxpayers
Real Estate Tax

TABLE 12

Name of Taxpayer	Type of Business	Assessed Value (1)	Percent of Total Real Estate Assessed Value
Norwood Real Estate Partners	Shopping Mall	\$18,458,350	6.25%
Rookwood Commons, LLC	Shopping Mall	14,206,650	4.81%
Rookwood Pavilion, LTD	Shopping Mall	9,789,990	3.32%
Rookwood Towers, LLC	Office Tower	4,989,190	1.69%
Surrey Mall Partners	Shopping Mall	3,631,000	1.23%
Brundrett Properties	Shopping Mall	1,508,050	0.51%
BC Norwood Wildcat Storage	Long-term Storage	1,306,210	0.44%
Gaslight Square, LTD	Shopping Mall	1,246,250	0.42%
EM Industries, Inc.	Pharmaceuticals	1,211,110	0.41%
Illiad Realty	Nursing Home	1,316,810	0.45%
Kelly Enterprises	Office Tower	1,182,130	0.40%
Total		\$58,845,740	19.93%

Source: Hamilton County Auditor

(1) Assessed values are for the 2004 collection year.

Norwood City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax

TABLE 13

Name of Taxpayer	Type of Business	Assessed Value (1)	Percent of Total Tangible Personal Property Assessed Value
United States Playing Card	Playing Card Manufacturer	\$9,067,080	15.71%
Shepher Chemical Company	Chemical Manufacturer	7,513,360	13.02%
C.W. Zumbiel	Corrugated Box Manufacturer	6,061,060	10.50%
Siemens Energy & Automation	Energy Controls	6,056,620	10.49%
EM Industries	Chemical Manufacturer	4,492,900	7.78%
United Dairy Farmers	Dairy Products and Convenience Stores	2,428,620	4.21%
Convergys Customer Mgmt. Group	Customer Billing and Marketing	2,124,960	3.68%
Jefferson Smurfit	Packaging Company	1,886,370	3.27%
Broadwing IT Consulting	Information Technology Consultant	1,535,330	2.66%
Paxton the Wood Source	Retail Merchandise Warehouse	907,710	1.57%
		<u>\$42,074,010</u>	<u>72.90%</u>

Source: Hamilton County Auditor

(1) Assessed values are for the 2003 collection year.

(2) Type of business information was not available from the County Auditor.

Norwood City School District, Ohio
Principal Taxpayers
Public Utility Personal Property Tax

TABLE 14

Name of Taxpayer	Assessed Value (1)	Percentage of Total Public Utility Personal Property Assessed Value
Cinergy	\$10,598,590	64.85%
Cincinnati Bell	4,562,550	27.92%
	\$15,161,140	92.77%

Source: Hamilton County Auditor

(1) Assessed values are for the 2004 collection year.

Norwood City School District, Ohio
Miscellaneous Statistical Data

TABLE 15

Year of Original Charter:	September 1, 1899 est.
Current Charter:	June 10, 1968
Form of Government:	Public School District
Area of District:	3.1 Square Miles
Number Meals Served by Food Service Department for the 2003-04 School Year:	258,683 Meals

School Buildings	Grade Levels	Enrollment
Allison Elementary	K-6	369
Norwood View Elementary	K-6	373
Sharpsburg Elementary	K-6	349
Williams Elementary	PS-6	310
Norwood Middle School	7-8	422
Norwood High School	9-12	836
		2,659

Degree	Number of Certified Staff	Percentage of Total
Bachelor's Degree	96	44.24%
Master's Degree	118	54.38%
Doctorate	3	1.38%
Total	217	100.00%

Source: School District Records

**Norwood City School District, Ohio
Largest Employers**

TABLE 16

Employer	Nature of Activity or Business	Ranking by Number of Employees
Convergys	Customer Service Billing	1
U.S. Playing Card	Consumer Goods Manufacturing	2
Siemens Automation	Capital Goods	3
Zumbiel Box Company	Corrugated Box Manufacturer	4
United Dairy Farmers	Dairy Products Manufacturer	5
Norwood Board of Education	Public School	6
City of Norwood	Municipal Government	7
EM Industries	Chemical Manufacturing	8
Aramark Services	Uniform Supplies and Cleaning	9
Broadwing-Cincinnati Bell Telephone	Communications	10

Source: City of Norwood Tax Department

Norwood City School District, Ohio
Schedule of Insurance Policies
and Bonding Insurance

Agent	Insurance Company	Policy #	Policy Period
Dakin Insurance	Indiana Insurance	CBP9536605	9/1/03-9/1/04
Dakin Insurance	Indiana Insurance	CU956658	9/1/03-9/1/04
Dakin Insurance	Ohio Farmers Insurance	459436	9/1/04-12/31/06
OSBA Bond Program	Travelers Casualty and Surety Company of America	103966832-34	1/1/03-12/31/05
OSBA Bond Program	Travelers Casualty and Surety Company of America	103966832-34	1/1/03-12/31/05
OSBA Bond Program	Travelers Casualty and Surety Company of America	103966832-34	1/1/03-12/31/05

Source: School District Records.

TABLE 17

Description	Liability Limit	Premium
Comprehensive Property and Plant	\$55,795,158	\$84,996
Liability Insurance	4,000,000 each occurrence and 4,000,000 aggregate	7,544
Treasurer's Bond	100,000	749
Board President's Bond	20,000	120
Superintendent's Bond	20,000	120
Asst. Superintendent's Bond	20,000	120

Norwood City School District, Ohio
Levy History Since 1980

TABLE 18

Election Date	Millage	Type	Votes For	Votes Against	Votes For %
April 7, 1981	5.10	Continuing Operating	2,351	2,543	48.04%
June 2, 1981	5.10	Continuing Operating	2,679	3,238	45.28%
September 10, 1981	5.10 *	Continuing Operating	2,519	2,295	52.33%
February 4, 1986	8.30	Continuing Operating	1,562	1,701	47.87%
May 6, 1986	8.30 *	Continuing Operating	3,647	2,187	62.51%
November 5, 1991	8.30	Emergency Operating	3,265	3,840	45.95%
February 4, 1992	8.30	Emergency Operating	2,255	2,323	49.26%
August 4, 1992	8.30 *	Emergency Operating	3,094	1,990	60.86%
May 3, 1994	5.50	Incremental Operating	1,201	2,292	34.38%
August 2, 1994	5.50	Incremental Operating	931	1,909	32.78%
February 7, 1995	3.40 *	Emergency Operating	1,919	1,627	54.12%
November 5, 1996	6.72 *	Emergency Operating Renewal	5,279	2,399	68.75%
August 8, 2000	7.68	Emergency Operating	867	1,477	36.99%
November 7, 2000	7.68 *	Emergency Operating	3,878	3,874	50.03%
May 7, 2002	5.10 *	Emergency Operating Renewal	1,441	836	63.29%
February 4, 2003	8.93	Bond Issue	789	2,424	24.56%

Source: School District Records

* Indicates Passage

**Norwood City School District, Ohio
 Student Population by Sex and Race
 For the 2003-04 School Year**

TABLE 19

Grade	Male	Female	Total
PS	20	19	39
K	86	99	185
1	97	86	183
2	97	94	191
3	91	100	191
4	102	80	182
5	109	103	212
6	113	105	218
7	121	99	220
8	114	88	202
9	125	116	241
10	113	95	208
11	122	105	227
12	76	84	160
Ungraded	0	0	0
	1,386	1,273	2,659

Race	Total	Percent
American Indian/Alaskan	14	0.53%
Asian	26	0.98%
Black	107	4.02%
Caucasian	2,336	87.85%
Hispanic	95	3.57%
Multi-Racial	81	3.05%
	2,659	100.00%

Source: School District Financial Records.

Norwood City School District, Ohio
Enrollment History
Last Ten Fiscal Years

School Year (1)	Preschool/ Ungraded	KDN	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6
2003-04	39	185	183	191	191	182	212	218
2002-03	26	206	206	202	183	234	230	217
2001-02	27	185	212	178	234	223	215	223
2000-01	25	214	199	228	227	231	222	258
1999-00	26	205	246	256	234	217	256	254
1998-99	25	252	267	249	220	274	243	281
1997-98	2	283	265	230	281	263	276	277
1996-97	3	288	268	291	253	283	258	269
1995-96	9	283	306	265	294	269	257	300
1994-95	4	297	317	294	274	267	279	299

(1) All figures represent actual enrollment during the first full week of October each school year.

Source: School District Records

TABLE 20

Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Total % Decrease
220	202	241	208	227	160	2,659 -6.21%
230	239	239	227	225	171	2,835 -1.46%
279	236	231	228	244	162	2,877 -3.20%
269	255	200	248	223	173	2,972 -3.54%
278	238	248	220	237	166	3,081 -2.90%
246	267	236	216	212	185	3,173 -2.97%
282	251	237	237	217	169	3,270 -0.97%
287	249	237	251	183	182	3,302 -3.11%
292	261	300	192	196	184	3,408 -0.87%
292	317	191	235	214	158	3,438

Norwood City School District, Ohio
Directory of School Facilities
June 30, 2004

TABLE 21

Facility	Address	Principal	Grades	Phone Numbers
Allison Elementary	4300 Allison Street	Kimberly Kappler	K-6	924-2650
Norwood View	5328 Carthage Avenue	Sandra White	K-6	924-2610
Sharpsburg Primary	4321 Forest Avenue	Brad Winterod	K-2	924-2560
Sharpsburg Elementary	4400 Smith Road	Brad Winterod	3-6	924-2600
Williams Elementary	2132 Williams Avenue	Dr. Kathy Winterman	PS-6	924-2520
Norwood Middle	2060 Sherman Avenue	Sharon Freyhof	7-8	924-2700
Norwood High	2020 Sherman Avenue	Dr. Terri Holden	9-12	924-2800

This Comprehensive Annual Financial Report
was prepared by:

The Treasurer's Department
Norwood City School District
Brian S. Rabe, Treasurer

The Norwood City School District Treasurer's Office:

Martha Keneman	Account Specialist I
Joan Vail	Account Specialist I
Heather Williams	Secretary to Treasurer
DeeDee Roettgers	Account Specialist II

Additional copies of this report may be obtained from:

Brian S. Rabe, Treasurer
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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 22, 2005**