



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 10, 2007

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

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
National School Breakfast Program	05-PU	10.553	\$80,286		\$80,286	
National School Lunch Program	LL-P4	10.555	786,486		786,486	
Child/Adult Food Program	21-FP	10.558	468		468	
Total Nutrition Cluster			867,240	0	867,240	0
Food Distribution Program	N/A	10.550		179,433		179,433
Total U.S. Department of Agriculture			867,240	179,433	867,240	179,433
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	2,564,592		2,429,714	
Special Education - Preschool Grant	PG-S1	84.173	50,449		51,037	
Total Special Education Cluster			2,615,041	0	2,480,751	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	858,686		915,407	
Vocational Education Basic Grants to State	20-C1	84.048	169,675		205,115	
Drug-Free Schools Grant	DR-S1	84.186	39,735		44,114	
Innovative Education Program Grant	C2-S1	84.298	40,355		49,704	
Technology Literacy Challenge	TJ-S1	84.318	18,502		21,748	
Title III LEP	T3-S1	84.365	38,474		41,825	
Title II	TR-S1	84.367	295,295		321,233	
Hurricane Education Recovery Act (HERA)		84.938	9,000		9,000	
Total Department of Education			1,469,722	0	1,608,146	0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Community Alternative Funding System (CAFS)		93.778	66,168		66,168	
Total U.S. Department of Health and Human Services			66,168	0	66,168	0
Totals			\$5,018,171	\$179,433	\$5,022,305	\$179,433

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

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

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



Auditor of State Betty Montgomery

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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northwest Local School District, Hamilton County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 19, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 19, 2006, we reported other matters related to noncompliance we deemed immaterial.

Northwest Local School District
Hamilton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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

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

Betty Montgomery
Auditor of State

December 19, 2006



Auditor of State Betty Montgomery

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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2006. In a separate letter to the District's management dated December 19, 2006, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2006, and have issued our report thereon dated December 19, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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.

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



Betty Montgomery
Auditor of State

December 19, 2006

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

NORTHWEST LOCAL SCHOOL DISTRICT

CINCINNATI, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Prepared by:
Office of the Treasurer

Randy L. Seymour
Treasurer

NORTHWEST LOCAL SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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NORTHWEST LOCAL SCHOOL DISTRICT

3240 BANNING ROAD • CINCINNATI, OHIO 45239 • 513-923-1000 • FAX: 513-923-3644

BOARD MEMBERS

Dr. Christopher J. Heather - President
Frederick E. Hunt, III - Vice President
Pamela L. Detzel - Member
Bruce J. Gehring - Member
Suzanne Lekson, M.D. - Member

J. Richard Glatfelter - Superintendent
Randy L. Seymour - Treasurer

December 19, 2006

To The Citizens and Board of Education of the Northwest Local School District:

The Comprehensive Annual Financial Report [CAFR] of the Northwest Local School District [District] for the fiscal year ended June 30, 2006, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of State and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the Northwest Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organizational chart, the District's consultants and advisors, the GFOA and ASBO certificates the District received for the June 30, 2005 CAFR. Also included are the District's major current and future initiatives.

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

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

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

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund, because of the District's administrative involvement in the program. The parochial/private schools served

are: Beautiful Savior Lutheran School, LaSalle High School, St. Ann, St. Bernard, St. Ignatius, St. James and St. John Elementary Schools. While these organizations share operational and service similarity with the District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

ECONOMIC CONDITION AND OUTLOOK

The District is located in southwestern Ohio, in a suburb of Cincinnati, in the north part of Hamilton County. Approximately 73% of the District’s tax base are agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains very positive with low unemployment rates, growth in the local tax base, and low inflationary pressures.

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

THE DISTRICT AND ITS FACILITIES

The District is located in Hamilton County, approximately 12 miles from downtown Cincinnati, Ohio, and covers an area of 54 square miles. It serves pupils from Colerain, Green, Ross and Springfield Townships, with Colerain Township serving as its nucleus. Since 1960, the growth pattern in the District has been strong.

The District now houses 10,332 students in two high schools, three middle schools, nine elementary schools and two career centers. Each high school has an on-campus career center offering such programs as word processing, accounting and computing, data processing, diesel mechanics, machine tool technology, facilities management and electronics. The District is the only local school district in Hamilton County with its own vocational program.

<i>Constructed</i>	<i>School/Address</i>	<i>October, 2006 Enrollment</i>
1923	Colerain Elementary 4850 Poole Road	667
1932	Colerain Middle School 4700 Poole Road	719
1959	Struble Elementary 2760 Jonrose Avenue	404
1960	Taylor Elementary 3173 Springdale Road	470

<i>Constructed</i>	<i>School/Address</i>	<i>October, 2006 Enrollment</i>
1961	White Oak Middle School 3130 Jessup Road	766
1961	Pleasant Run Elementary 11765 Hamilton Avenue	500
1964	Colerain High School 8801 Cheviot Road	2,215
1965	Weigel Elementary 3242 Banning Road	498
1966	Houston Elementary 3310 Compton Road	422
1969	Pleasant Run Middle 11770 Pippin Road	880
1970	Bevis Elementary 10133 Pottinger Road	489
1972	Northwest High School 10761 Pippin Road	1,213
1977	Welch Elementary 12084 Deerhorn Drive	372
2000	Monfort Heights Elementary 3711 West Fork Road	717

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The board members on June 30, 2006, were as follows:

<i>Board Member</i>	<i>Began Service</i>	<i>Term Expires</i>	<i>Profession</i>
Pam Detzel	January, 1998	December, 2009	Administrative Assistant
Bruce Gehring	January, 2006	December, 2009	Business Executive
Christopher Heather	January, 2002	December, 2009	Entrepreneur
Fred E. Hunt, III	November, 2004	December, 2009	Business Executive
James Lay	January, 2004	December, 2007	Consultant

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. Ms. Margaret Rennie was appointed Superintendent in 2005. Ms. Rennie received her Bachelor of Science in Education from Miami University and earned her Master of Education from Xavier University. She has been employed by the Northwest Local School District for the past 31 years. During this tenure, Ms. Rennie has served as a teacher, counselor, assistant principal, director of community services, director of human resources and assistant superintendent.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mr. Randy L. Seymour was appointed Treasurer of the District in January, 1979. Mr. Seymour holds a B.B.A. Degree from the University of Cincinnati and did graduate work at Xavier University and the University of Cincinnati.

EMPLOYEE RELATIONS

The District currently has approximately 1,238 full-time and 72 part-time employees. The number of employees has been steady for the last several years. During the 2006 fiscal year, the District paid, from its General Fund \$49,590,726 in salaries and wages, and \$14,739,639 in fringe benefits, such as retirement contributions, workers' compensation, and life and health benefits.

The District's teachers are represented for collective bargaining purposes by the Northwest Association of Educators [NAE]. The District has a three year collective bargaining agreement with NAE which expires August 31, 2006. The District's transportation employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees [OAPSE]. The District has a three year collective bargaining agreement with OAPSE which expires June 30, 2006.

SERVICES PROVIDED

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

Transportation is provided for over 9,247 students each day. The District fleet of 85 buses travels over 6,148 miles each day transporting to 30 different sites. In addition to making more than 571 daily runs, the department transported both public and non-public students on 1,794 extra-curricular trips during the year.

The food service department served 940,127 plate lunches through the District's 14 kitchens. This is accomplished through the full operation of 12 kitchens and 2 satellite sites, as well as a central bakery. The District currently offers a breakfast program at three elementary sites and two middle school sites.

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

Limited health services are provided by health assistants at each of the 14 school sites under the supervision of a registered nurse.

The District offers regular instructional programs daily to students in grades K-12. There are approximately 497 students in the specific trades through career technical education. Over 1,371 students receive special services, due to physical or mental handicapping conditions. In grades 4-8, approximately 275 students participated in the gifted program. The District presented 693 high school diplomas in 2006.

MAJOR CURRENT AND FUTURE INITIATIVES

The following is The Mission Statement of the Board that is the guiding force for all initiatives acted upon by the Board:

Mission

We champion life-long learning, affording all students the knowledge and skills necessary to realize their full potential in life.

Vision

We provide quality and innovation in educational programming and instruction, enabling all students to successfully confront the challenges of the future.

Beliefs

- *We believe all students are the focus of our endeavors.*
- *We are committed to quality education that challenges students.*
- *We are committed to safe schools that are an integral part of our community.*
- *We are committed to caring, knowledgeable professionals who engage students in innovative learning.*
- *We are committed to the essential involvement of parents in their children's education.*
- *We are committed to partnerships that enhance students' ability to connect their education with the world of work and life-long learning.*
- *We encourage students to value others, to be responsive to civic obligations that strengthen our diverse student body and community.*

CHALLENGES FOR 2006-2007 AND BEYOND

- Continue to provide a quality education for each student in the District
- Continue to align district curriculum to state Academic Content Standards
- Achieve district and state targets for student achievement
- Achieve an Excellent rating on the Local Report Card
- Meet the federal mandates of No Child Left Behind
- Recruit and retain quality staff
- Provide time and resources for high quality professional development at the District and building levels
- Continue to utilize technology to support student learning
- Increase enrichment and intervention opportunities for students K-12

DISTRICT GOALS FOR 2006-2007

DISTRICT FOCUS: IMPROVE STUDENT ACHIEVEMENT

Goal 1: Improve instructional strategies.

Continue using engaged learning strategies in every classroom.

Expand academic intervention programs to have a positive impact on AYP targets, disproportionality and graduation rate.

Expand academic enrichment programs to have a positive impact on the percentage of advanced and accelerated scores at the district and building level.

Implement high quality research based programs and classroom instructional strategies to ensure excellence and equity for all students.

Provide quality staff development opportunities per ODE guidelines and based on building or district needs.

Ensure a respectful classroom for all students.

Goal 2: Ensure alignment of district curriculum and classroom instruction with the Ohio Academic Content standards and achievement/graduation tests.

Monitor standards implementation through the use of lesson plan evaluation process for both daily and long range plans.

Use data from district assessments, walkthroughs and classroom observations to ensure standards-based instruction in every classroom.

Goal 3: Use data effectively to improve results for students, buildings and the district.

Use data to determine academic placement and programming for students.

Use quantitative and qualitative data to evaluate the effectiveness of programs and instructional strategies.

Use formative assessments to guide daily instruction and intervention, and opportunities for intervention and enrichment.

Goal 4. Ensure the financial stability of the district.

Conduct long term studies in the areas of district reconfiguration, Career Technology Center programming, outsourcing of services and financial planning.

Reduce district expenditures through sound fiscal management.

CURRICULUM AND INSTRUCTION

Curriculum work centers on student proficiency on state academic content standards in mathematics, English language arts, social studies and science. All work is organized by a two year process of Year 1: knowing and planning with the academic content standards and Year 2: teaching and assessing with the academic content standards.

Formative local assessments have been developed for all core subjects in grades 3-10 and are administered by all teachers. The data from these assessments is used to refine teaching and provide intervention and enrichment for students. The performance of students in various AYP subgroups is particularly studied.

A number of programs have been implemented to assist students in their learning of the academic content standards, particularly in the areas of reading and mathematics. The elementary buildings have implemented Dynamic Indicators Basic Early Literary Skills testing with its accompanying intervention techniques. Middle Schools are investigating the use of a reading diagnostic test to show reading progress.

The high schools have refined their block-scheduling program to provide more time for some students to accomplish the challenging standards necessary for passage of the Ohio Graduation Test. Collaboratives, academies and peer support are in place to provide necessary intervention for ninth and tenth graders. Career Technology teachers are joining their main building colleagues in teaching reading and vocabulary strategies within their content areas.

Elementary and middle schools provide extended learning opportunities after school to over 1,000 students prior to the March state testing date. These programs, taught by district personnel, focus on district-wide areas of weakness in grades 3-6. Combinations of local, state and federal funds were used to support these programs.

The District is focused on its goal of improving student achievement. It continues to evaluate the programming needs of its diverse population with the goal of becoming an excellent District and meeting the needs of ALL students.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

Partners in Education is a program that brings together businesses and schools in order to address specific educational needs. The business-school partnerships are formal, voluntary relationships between one school and one business. Partnerships match available resources with identified needs to meet mutually agreed upon goals and objectives.

Partnerships provide opportunities for students to understand how the basic skills they learn in school are applied in the business world. However, it is not just the schools that benefit from partnerships. Businesses and their employees also gain from this special relationship, as many schools reciprocate with their own projects which help their corporate or industrial partners. Partnerships also give those in the business community insight into the workings of the school and a better understanding of the needs of the educational system.

LONG-RANGE BUILDING AND MAINTENANCE PLANS

The District maintains a three year building maintenance program. This program is generated through input provided by each building administrator in an annual preventive maintenance check list. This three year plan provides the District direction for implementing maintenance and renovation projects and contributes to the financial planning and projection of costs for these projects.

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. Budgetary basis accounting differs from generally accepted accounting principles [GAAP] as promulgated by the Governmental Accounting Standards Board [GASB].

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished monthly reports showing the status of the budget accounts for which he or she is responsible. Each program manager may request additional financial reports during the month when necessary.

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

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

FINANCIAL CONDITION

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

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses.

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

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

As part of this report, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2006 and the outlook for the future.

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$957,958 for the year ended June 30, 2006.

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

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

RISK MANAGEMENT

The District constantly faces the risk of loss of assets by fire, storm, theft, accident or other catastrophes. Generally, the District shifts the burden of such losses by entering into a casualty insurance contract whereby an insurance company, in consideration of a premium payment, assumes the risk of all or a portion of these losses.

The Cincinnati Insurance Company provides insurance coverage on the buildings and contents, boiler and machinery, burglary/robbery/theft (inside and outside), earthquake, mobile instruction units, and radio and communication equipment. The Ohio School Plan provides our liability insurance and insures our fleet of vehicles.

All employees are covered under the District's liability policy with Ohio School Plan. The limits of liability are \$2,000,000 for each occurrence and \$2,000,000 in aggregate.

The Superintendent, Director of Business Services, Board Members and Treasurer are covered with performance bonds from the ITT Hartford Insurance Company in the amount of \$20,000 each. The District uses the State Workers' Compensation plan and pays a premium based on a rate per \$100 of salaries.

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The Auditor of State's unqualified opinion rendered on the District's basic financial

statements, combining statements and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASBO Certificate

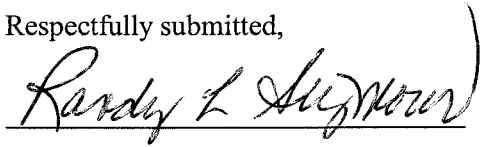
The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted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

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Randy L. Seymour", is written over a horizontal line.

Randy L. Seymour
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northwest Local School
District, Ohio

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

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



Carla E. Perry

President

Jeffrey R. Enos

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

NORTHWEST LOCAL SCHOOL DISTRICT

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

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

A handwritten signature in black ink, appearing to read 'Melody Longfellow'.

President

A handwritten signature in black ink, appearing to be a stylized name.

Interim Executive Director

LIST OF PRINCIPAL OFFICIALS
As of June 30, 2006

ELECTED OFFICIALS

James F. Lay	President, Board of Education
Christopher Heather.....	Vice-President, Board of Education
Pamela Detzel.....	Board Member
Bruce Gehring	Board Member
Fred E. Hunt, III	Board Member

ADMINISTRATIVE OFFICE PERSONNEL

Margaret M. Rennie.....	Superintendent
J. Richard Glatfelter.....	Assistant Superintendent
Judith Vermillion.....	Associate Superintendent of Instruction
Lester I. Tacy.....	Associate Superintendent of Business Services
Debra Hopper	Director of Staff Development
Gregory Hester	Director of Student Services
Diane Brunsman	Director of Human Resources
Randy L. Seymour.....	Treasurer

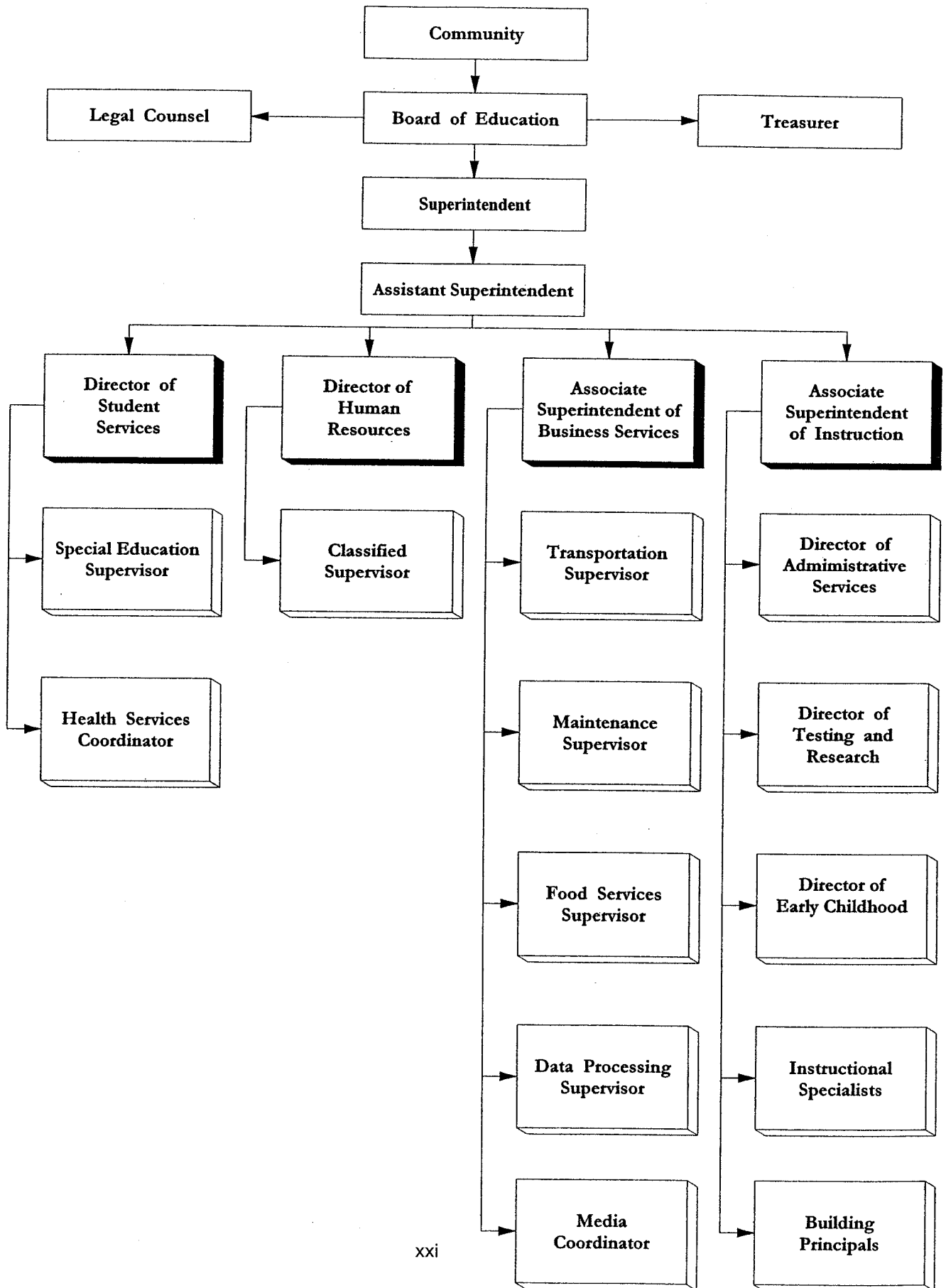
DISTRICT SUPERVISORS

Andreas Scheidt.....	Maintenance
Robert Engel.....	Transportation
LaDonna Stouder.....	Technology
Mary Barnaclo	Special Education
Kimberly Jones	Special Education
Barbara Kalbli	Special Education
Dennis Carroll	Systems Manager/Data Processing
Cheryl Romans	Food Service
Grace Seurkamp	Classified Employees
Anthony Wright.....	Assistant Treasurer
Daniel Hudson.....	Enrollment and Compliance Supervisor

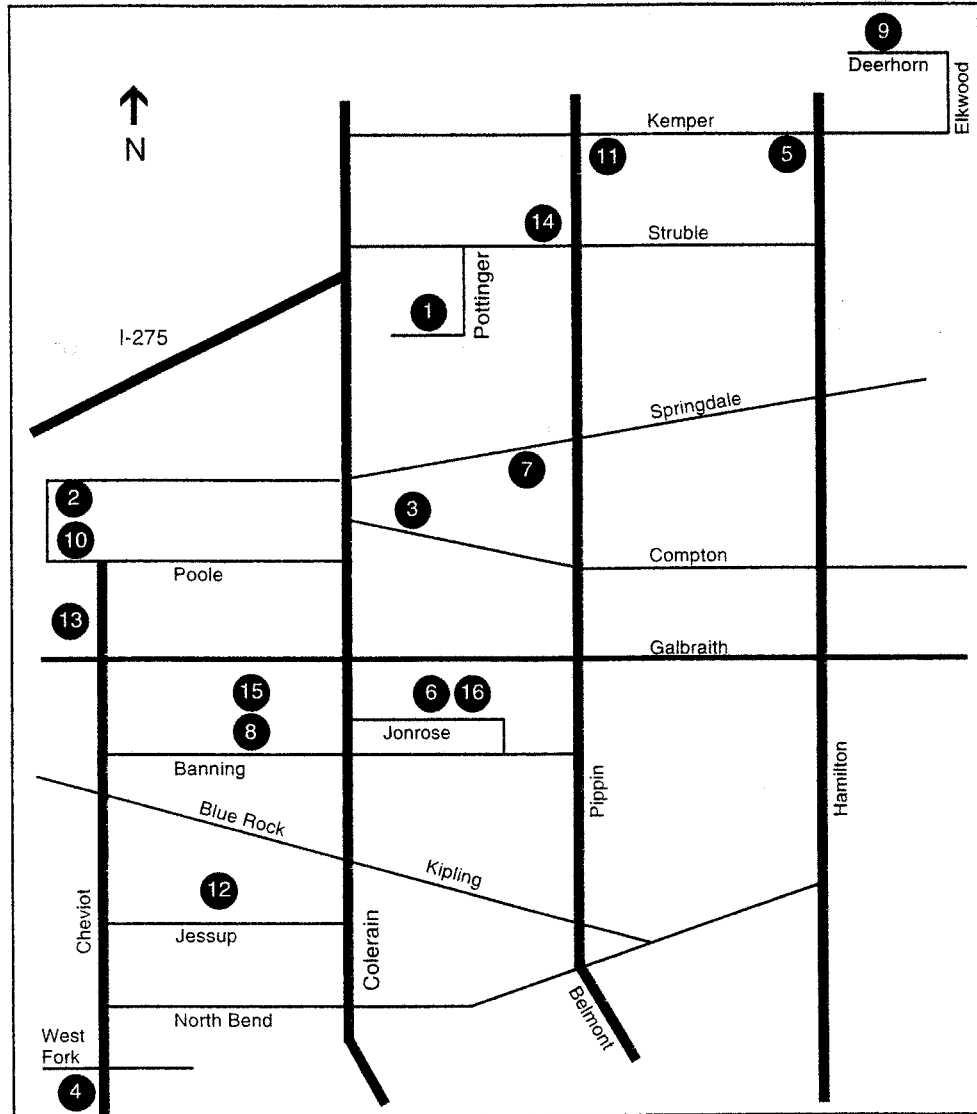
CURRICULUM INSTRUCTIONAL SPECIALISTS AND COORDINATORS

Jennifer Blust.....	Title I
Karen Burke.....	Elementary
Patricia Coon-Knochelmann.....	Elementary
Erin Davidson.....	Elementary
Linda Dawes.....	Elementary
Reena Fish.....	Work-Study
Lynda Fritz.....	Health Services
Kelli Hasselbeck.....	Elementary
Barbara Hill.....	Early Childhood
Jennifer Klein.....	Middle
Paul Lorenz.....	Career and Technical
Emily O'Mahoney-Higgins.....	Elementary
Kristen Rojas.....	Gifted
Lani Wildow.....	Senior High

**NORTHWEST LOCAL SCHOOL DISTRICT
ORGANIZATIONAL CHART AS OF JUNE 30, 2006**



SCHOOL DISTRICT MAP



Northwest Directory

1. Bevis Elementary	10133 Pottinger Road (45251)	825-3102
2. Colerain Elementary	4850 Poole Road (45251)	385-8740
3. Houston Elementary	3310 Compton Road (45251)	385-8000
4. Monfort Heights Elementary	3711 West Fork Road (45247)	389-1570
5. Pleasant Run Elementary	11765 Hamilton Avenue (45231)	825-7070
6. Struble Elementary	2760 Jonrose Avenue (45239)	522-2700
7. Taylor Elementary	3173 Springdale Road (45251)	825-3000
8. Weigel Elementary	3242 Banning Road (45239)	923-4040
9. Welch Elementary	12084 Deerhorn Drive (45240)	742-1240
10. Colerain Middle	4700 Poole Road (45251)	385-8490
11. Pleasant Run Middle	11770 Pippin Road (45231)	851-2400
12. White Oak Middle	3130 Jessup Road (45239)	741-4300
13. Colerain High	8801 Cheviot Road (45251)	385-6424
Colerain Career Center	8801 Cheviot Road (45251)	741-5000
14. Northwest High	10761 Pippin Road (45231)	851-7300
Northwest Career Center	10761 Pippin Road (45231)	742-6344
15. Administrative Center	3240 Banning Road (45239)	923-1000
16. Educational Service Center	2762 Jonrose Avenue (45239)	522-6700

CONSULTANTS AND ADVISORS
As of June 30, 2006

ASBESTOS

*P.E.I. Associates
11499 Chester Road
Cincinnati, Ohio 45246*

ARCHITECTS

*Steed-Hammond-Paul
82 Williams Avenue
Hamilton, Ohio 45011*

BOND COUNSEL

*Peck, Shaffer and Williams
425 Walnut Street
Cincinnati, Ohio 45202*

FINANCIAL REPORTING

*Plattensburg and Associates, Inc.
8260 Northcreek Drive, Suite 330
Cincinnati, Ohio 45236*

INDEPENDENT AUDITOR

*Betty Montgomery
Auditor of State
11117 Kenwood Road
Blue Ash, Ohio 45242*

LEGAL COUNSEL

*Ennis, Roberts and Fischer
Attorneys at Law
121 West Ninth Street
Cincinnati, Ohio 45202-1904*

*Joseph Deters
County Prosecuting Attorney
Hamilton County Court House
Cincinnati, Ohio 45202*

(continued)

CONSULTANTS AND ADVISORS
As of June 30, 2006 (concluded)

OFFICIAL DEPOSITORIES

*Fifth Third Bank
Monfort Heights Office
5540 Cheviot Road
Cincinnati, Ohio 45247*

*PNC Bank
9650 Colerain Avenue
Cincinnati, Ohio 45251*

*National City Corporation
Grosbeck Branch
7044 Colerain Avenue
Cincinnati, Ohio 45239*

*US Bank
Colerain Hills Office
8250 Colerain Avenue
Cincinnati, Ohio 45239*

PROFESSIONAL NEGOTIATORS

*Ennis, Roberts and Fischer
Attorneys at Law
121 West Ninth Street
Cincinnati, Ohio 45202-1904*

WORKERS' COMPENSATION

*Sheakley Uniservice, Inc.
100 Merchant Street
Cincinnati, Ohio 45242*



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund statements and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual non-major fund 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.

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

Betty Montgomery
Auditor of State

December 19, 2006

NORTHWEST LOCAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year ended June 30, 2006

(Unaudited)

The discussion and analysis of Northwest Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- Total net assets of governmental activities decreased \$344,733 which represents a one and three tenths percent (1.3%) decrease from 2005.
- General revenues accounted for \$78,429,241 in revenue or eighty-six and three-tenths percent (86.3%) of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,470,925 or thirteen and seven-tenths percent (13.7%) of total revenues of \$90,900,166.
- Total assets of governmental activities decreased by \$2,234,527 and taxes receivable decreased by \$1,254,390 while cash and other receivables decreased by \$144,357.
- The District had \$91,244,899 in expenses related to governmental activities; only \$12,470,925 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$78,429,241 were adequate to provide for these programs.
- As the major fund, the General Fund had \$78,421,785 in revenues and \$78,146,830 in expenditures. The General Fund's fund balance increased from \$19,005,559 to \$19,281,515.

Overview of the Financial Statements

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

The *Statement of Net Assets and Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the only major fund of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2006?" The *Government-wide Financial Statements* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Government-wide Financial Statements, the District consists of Governmental activities which are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

The analysis of the District's major fund begin on page 8. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant fund.

Governmental Funds

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS -- (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

The District as a Whole

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

Table 1 provides a summary of the District's net assets for 2006 compared to 2005:

Table 1
Net Assets
Restricted & Unrestricted

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Assets		
Current and Other Assets	\$59,672,797	\$60,876,568
Capital Assets	<u>25,170,816</u>	<u>26,201,572</u>
Total Assets	<u>84,843,613</u>	<u>87,078,140</u>
Liabilities		
Long-Term Liabilities	26,322,287	26,856,175
Other Liabilities	<u>32,926,979</u>	<u>34,282,886</u>
Total Liabilities	<u>59,249,266</u>	<u>61,139,061</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	3,063,084	3,896,572
Restricted	4,911,775	4,984,928
Unrestricted	<u>17,619,488</u>	<u>17,057,579</u>
Total Net Assets	<u>\$25,594,347</u>	<u>\$25,939,079</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$25,594,347.

At year-end, capital assets represented twenty-nine and seven-tenths percent (29.7%) of total assets. Capital assets include land and improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, was \$3,063,084. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The decrease in capital assets was depreciation expense exceeding capital expenditures for capital purchases. Net assets decreased primarily due to the decrease in advances available but not remitted from the Hamilton County Auditor for real estate taxes.

A portion of the District's net assets, \$4,911,775, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$17,619,488 may be used to meet the District's ongoing obligations to the students and creditors.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

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

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Program Revenues:		
Charges for Services	\$4,202,987	\$4,508,855
Operating Grants	7,998,891	8,299,035
Capital Grants	269,047	186,207
General Revenue		
Property Taxes	40,771,059	45,465,224
Grants and Entitlements	33,929,107	34,233,076
Other	<u>3,729,075</u>	<u>2,859,281</u>
 Total Revenues	 <u>90,900,166</u>	 <u>95,551,678</u>
 Program Expenses:		
Instruction	48,903,070	50,233,149
Support Services:		
Pupil and Instructional Staff	10,511,369	10,312,102
School Administrative, General		
Administration, Fiscal and Business	7,871,341	7,948,709
Operations and Maintenance	8,272,465	7,817,898
Pupil Transportation	4,589,238	4,391,526
Central	1,211,509	1,493,134
Community Services	2,734,511	2,954,975
Operation of Non-Instructional Services	3,800,692	3,902,227
Extracurricular Activities	1,821,170	1,766,543
Interest	<u>1,529,534</u>	<u>1,166,792</u>
 Total Expenses	 <u>91,244,899</u>	 <u>91,987,055</u>
 Change in Net Assets	 (344,733)	 3,564,623
 Beginning Net Assets	 <u>25,939,079</u>	 <u>22,374,456</u>
Ending Net Assets	<u>\$25,594,347</u>	<u>\$25,939,079</u>

Governmental Activities

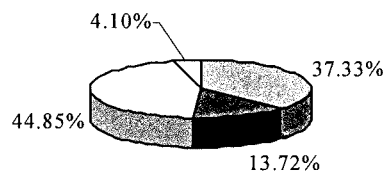
The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised eighty-two and two-tenths percent (82.2%) of the District's revenues for governmental activities.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up forty-four and nine-tenths percent (44.9%) of revenue for governmental activities for the District in fiscal year 2006. Property taxes decreased by \$4.7 million as a result of decreased advances which were declared available but not remitted by the Hamilton County Auditor. The District’s reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2006	Percent of Total
General Grants	\$33,929,107	37.33%
Program Revenues	12,470,925	13.72%
General Tax Revenues	40,771,059	44.85%
General Other	3,729,075	4.10%
Total Revenue	\$90,900,166	100.00%



Instruction comprises fifty-three and six-tenths percent (53.6%) of governmental program expenses. Instruction total cost of services decreased by \$1.3 million primarily due to budget reductions in response to decreasing resources available to fund instructional program. Support services expenses were thirty-eight and six-tenths percent (38.6%) of governmental program expenses. Interest and all other expenses were seven and eight-tenths percent (7.8%). Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program Revenues decreased \$523,172 or four percent (4%), due mainly to a decrease in capital grants received from other governments. In addition, grants and entitlements not restricted to specific programs decreased \$303,969 or nine-tenths percent (0.9%). This decrease was primarily related to decreased Federal grants made available to the district.

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Instruction	\$48,903,070	\$50,233,149	\$44,998,045	\$46,571,879
Support Services:				
Pupil and Instructional Staff	10,511,369	10,312,102	8,901,906	8,611,201
School Administration, General				
Administration, Fiscal and Business	7,871,341	7,948,709	7,515,623	7,619,118
Operations and Maintenance	8,272,465	7,817,898	8,217,156	7,751,045
Pupil Transportation	4,589,238	4,391,526	4,342,236	4,275,008
Central	1,211,509	1,493,134	1,180,578	1,448,762
Community Services	2,734,511	2,954,975	323,756	2,954,975
Operation of Non-Instructional Services	3,800,692	3,902,227	575,188	(2,462,304)
Extracurricular Activities	1,821,170	1,766,543	1,189,952	1,056,482
Interest and Fiscal Charges	<u>1,529,534</u>	<u>1,166,792</u>	<u>1,529,534</u>	<u>1,166,792</u>
Total Expenses	<u>\$91,244,899</u>	<u>\$91,987,055</u>	<u>\$78,773,974</u>	<u>\$78,992,958</u>

Total governmental expenses decreased by \$742,156 or eight-tenths percent (0.8%).

The District's Funds

The major fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$90,614,018 and expenditures and other financing uses of \$90,605,021. The net change in fund balance for the year was an increase of \$8,997 or three-hundredths percent (0.03%). The fund balance in the General Fund increased by \$275,956 or one and five tenths percent (1.5%). This increase was primarily due to budget cuts made by the Board from 2005 to 2006 in response to decreased sources of revenue. The 2006 tax revenue decreased by \$4.7 million because the prior year tax revenue reflected a significant increase in revenue due to an increase in the June 30, 2005 taxes available for advance from the taxes available for advance at June 30, 2004. The amount available for advance at June 30, 2006 did not increase from June 30, 2005, so the tax revenue did not reflect a related increase in revenue.

General Fund Budgeting Highlights

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

During the course of fiscal 2006, the District amended its general fund budget one time, however, it was not significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$76,836,765, compared to original budget estimates of \$76,920,820. The District’s ending unobligated cash balance was \$3,910,279 above the final budgeted amount. There were no significant budgetary variances between the final amended budget and actual results for the General Fund, except for operations and maintenance and pupil. It was the decision of the District to delay approximately \$0.20 million in repair projects.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$25,170,819 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2006 balances compared to fiscal 2005:

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

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land and Improvements	\$3,926,125	\$3,926,125
Buildings and Improvements	18,977,345	19,873,233
Furniture and Equipment	756,695	699,164
Vehicles	<u>1,510,651</u>	<u>1,703,050</u>
Total Capital Assets	<u>\$25,170,816</u>	<u>\$26,201,572</u>

The decrease in capital assets is due to \$454,080 in acquisitions, offset by the recognition of \$1,484,836 in depreciation expense and \$40,368 in deletions.

For more information on capital assets, refer to the notes to the basic financial statements.

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

Debt

At June 30, 2006, the District had \$22,317,887 in bonds outstanding, \$711,530 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Refunded Bonds: Current Interest Bonds	\$14,660,000	\$0
Refunded Bonds: Capital Appreciation Bonds	756,667	0
Premium on Bonds: Capital Appreciation	566,220	0
1998 School Improvements	<u>6,335,000</u>	<u>22,305,000</u>
Total:	<u>\$22,317,887</u>	<u>\$22,305,000</u>

In 1998 the District passed a 1.26 mill bond issue, providing \$25 million for a new elementary building, facility improvements for each middle school, and other various improvements.

At June 30, 2006, the District's overall legal debt margin was \$133,309,868 with an unvoted debt margin of \$1,702,852. The District maintains an A-1 bond rating.

For more information on debt, refer to the notes to the basic financial statements.

For the Future

With no increase in state funding projected, the District must increase revenues by submitting and obtaining approval for an additional operating levy from the community in the near future. On November 7, 2006, the community voted down a request for an additional 4.88 mills. At this time, the Board has not set any future dates to ask our residents again to approve an additional levy. The District is projecting a slight decrease in enrollment. The administrative staff has responded to the defeat of the levy by reducing budgeted expenses of the District by \$2.1 million in personnel costs in 2006, in order to hold obligations of the district relatively constant. An increase in funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future financial stability.

The District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) Certificate of Excellence on Financial Reporting since 1993.

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

**NORTHWEST LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2006
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Randy Seymour, Treasurer at Northwest Local School District, 3240 Banning Road, Cincinnati, Ohio 45239. Or E-mail at seymra@nwlsd.org.

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BASIC FINANCIAL STATEMENTS

Northwest Local School District
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$17,157,887
Receivables:	
Taxes	41,542,145
Accounts	270,222
Interest	18,290
Intergovernmental	407,910
Deferred Bond Issuance Costs	210,155
Inventory	66,188
Nondepreciable Capital Assets	3,926,125
Depreciable Capital Assets, Net	<u>21,244,691</u>
 Total Assets	 <u>84,843,613</u>
 Liabilities:	
Accounts Payable	95,188
Accrued Wages and Benefits	7,844,041
Accrued Interest Payable	84,125
Unearned Revenue	24,903,625
Long-Term Liabilities:	
Due Within One Year	1,605,883
Due In More Than One Year	<u>24,716,404</u>
 Total Liabilities	 <u>59,249,266</u>
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	3,063,084
Restricted for:	
Special Revenue	727,015
Debt Service	1,756,944
Capital Projects	2,427,816
Unrestricted	<u>17,619,488</u>
 Total Net Assets	 <u><u>\$25,594,347</u></u>

See accompanying notes to the basic financial statements.

Northwest Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$37,200,833	\$676,174	\$384,480	\$42,000	(\$36,098,179)
Special	8,540,913	235,091	1,858,560	0	(6,447,262)
Vocational	2,118,194	0	96,436	0	(2,021,758)
Student Intervention	1,043,130	552,513	59,771	0	(430,846)
Support Services:					
Pupil	4,740,911	0	751,535	0	(3,989,376)
Instructional Staff	5,770,458	0	857,928	0	(4,912,530)
General Administration	241,656	0	0	0	(241,656)
School Administration	5,446,475	0	354,386	0	(5,092,089)
Fiscal	1,483,369	0	0	0	(1,483,369)
Business	699,841	0	1,332	0	(698,509)
Operations and Maintenance	8,272,465	55,309	0	0	(8,217,156)
Pupil Transportation	4,589,238	0	19,955	227,047	(4,342,236)
Central	1,211,509	0	30,931	0	(1,180,578)
Community Services	2,734,511	0	2,410,755	0	(323,756)
Operation of					
Non-instructional Services	3,800,692	2,052,682	1,172,822	0	(575,188)
Extracurricular Activities	1,821,170	631,218	0	0	(1,189,952)
Interest and Fiscal Charges	1,529,534	0	0	0	(1,529,534)
Total Governmental Activities	\$91,244,899	\$4,202,987	\$7,998,891	\$269,047	(\$78,773,974)

General Revenues:	
Property Taxes Levied for:	
General Purposes	39,092,855
Debt Service Purposes	1,678,204
Grants and Entitlements not Restricted to Specific Programs	33,929,107
Payment in Lieu of Taxes	2,170,537
Unrestricted Contributions	211,257
Investment Earnings	957,958
Refunds and Reimbursements	27,451
Other Revenues	361,872
Total General Revenues	78,429,241
Change in Net Assets	(344,733)
Net Assets Beginning of Year	25,939,080
Net Assets End of Year	\$25,594,347

See accompanying notes to the basic financial statements.

Northwest Local School District
Balance Sheet
Governmental Funds
June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$12,420,142	\$4,737,745	\$17,157,887
Receivables:			
Taxes	39,909,625	1,632,520	41,542,145
Accounts	269,661	561	270,222
Interest	18,290	0	18,290
Intergovernmental	23,642	384,268	407,910
Inventory	0	66,188	66,188
Total Assets	\$52,641,360	\$6,821,282	\$59,462,642
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$83,126	\$12,062	\$95,188
Accrued Wages and Benefits	7,117,908	726,133	7,844,041
Compensated Absences	441,386	0	441,386
Deferred Revenue	25,717,425	1,196,369	26,913,794
Total Liabilities	33,359,845	1,934,564	35,294,409
Fund Balances:			
Reserved for Encumbrances	620,178	74,517	694,695
Reserved for Inventory	0	66,188	66,188
Reserved for Property Tax Advances	14,230,000	655,000	14,885,000
Unreserved, Undesignated, Reported in:			
General Fund	4,431,337	0	4,431,337
Special Revenue Funds	0	550,025	550,025
Debt Service Fund	0	1,113,172	1,113,172
Capital Projects Funds	0	2,427,816	2,427,816
Total Fund Balances	19,281,515	4,886,718	24,168,233
Total Liabilities and Fund Balances	\$52,641,360	\$6,821,282	\$59,462,642

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balance \$24,168,233

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.
 These consist of:

Land and Improvements	\$3,926,125	
Buildings and Improvements	48,328,949	
Furniture and Equipment	6,081,356	
Vehicles	5,632,040	
Accumulated Depreciation	<u>(38,797,654)</u>	
Total Capital Assets		25,170,816

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

Payments in lieu of Taxes	1,753,520	
Intergovernmental	218,849	
Other	<u>37,800</u>	
Total Long-term Assets		2,010,169

In the statement of net assets interest payable is accrued when
 incurred, whereas in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (84,125)

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

Compensated Absences	<u>(3,563,014)</u>	
Total Long-term Liabilities		(3,563,014)

Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 210,155

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (22,317,887)

Net Assets of Governmental Activities \$25,594,347

See accompanying notes to the basic financial statements.

Northwest Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$39,092,854	\$1,678,204	\$40,771,058
Revenue in lieu of taxes	1,905,623	0	1,905,623
Tuition and Fees	1,827,893	0	1,827,893
Investment Earnings	948,015	9,943	957,958
Intergovernmental	34,068,140	7,974,746	42,042,886
Extracurricular Activities	0	455,337	455,337
Charges for Services	0	2,052,682	2,052,682
Other Revenues	579,260	20,320	599,580
Total Revenues	78,421,785	12,191,232	90,613,017
Expenditures:			
Current:			
Instruction:			
Regular	36,036,294	461,068	36,497,362
Special	6,855,334	1,637,533	8,492,867
Vocational	1,964,541	76,393	2,040,934
Student Intervention	969,251	9,000	978,251
Support Services:			
Pupil	3,930,699	822,391	4,753,090
Instructional Staff	4,866,772	908,576	5,775,348
General Administration	241,656	0	241,656
School Administration	5,092,323	319,573	5,411,896
Fiscal	1,518,660	0	1,518,660
Business	694,082	0	694,082
Operations and Maintenance	8,245,753	28,575	8,274,328
Pupil Transportation	4,432,377	12,485	4,444,862
Central	1,239,257	14,578	1,253,835
Community Services	253,925	2,598,279	2,852,204
Operation of Non-instructional Services	526,607	3,294,799	3,821,406
Extracurricular Activities	1,279,299	535,779	1,815,078
Debt Service:			
Principal Retirement	0	590,000	590,000
Interest and Fiscal Charges	0	1,149,162	1,149,162
Total Expenditures	78,146,830	12,458,191	90,605,021
Excess of Revenues Over Expenditures	274,955	(266,959)	7,996
Other Financing Sources:			
Proceeds from Sale of Capital Assets	1,001	0	1,001
Payments to Refunded Bond Escrow Agent	0	(15,964,485)	(15,964,485)
Proceeds of Refunding Bonds	0	15,380,000	15,380,000
Refunding Bond Premium	0	584,485	584,485
Total Other Financing Sources	1,001	0	1,001
Net Change in Fund Balance	275,956	(266,959)	8,997
Fund Balance Beginning of Year	19,005,559	5,153,677	24,159,236
Fund Balance End of Year	\$19,281,515	\$4,886,718	\$24,168,233

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds \$8,997

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

Governmental funds report capital asset additions as expenditures.

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

Capital assets used in governmental activities	\$454,080	
Depreciation Expense	(1,484,836)	
Total		(1,030,756)

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

Payments in lieu of Taxes	264,914	
Intergovernmental	154,159	
Other	(132,925)	
Total		286,148

In the statement of activities, certain costs and proceeds associated with
 long-term debt obligations issued during the year are accrued and
 amortized over the life of the debt obligation. In governmental funds
 these costs and proceeds are recognized as financing sources and uses.

Bond Issuance Costs	210,154	
Premium on Bonds Issued	(584,485)	
Total		(374,331)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 590,000

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 12,360

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

Compensated Absences	181,251	
Amortization of Bond Premium	18,265	
Bond Accretion	(36,667)	
Total		162,849

Change in Net Assets of Governmental Activities (\$344,733)

See accompanying notes to the basic financial statements.

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$37,934,000	\$37,934,000	\$39,285,971	\$1,351,971
Revenue in Lieu of Taxes	1,800,000	1,800,000	1,905,623	105,623
Tuition and Fees	1,677,000	1,663,455	1,835,104	171,649
Interest	500,000	500,000	965,613	465,613
Intergovernmental	34,395,920	34,395,920	34,066,360	(329,560)
Other Revenues	593,900	523,390	551,809	28,419
Total Revenues	76,900,820	76,816,765	78,610,480	1,793,716
Expenditures:				
Current:				
Instruction:				
Regular	38,764,554	37,022,197	36,945,060	77,137
Special	6,838,765	6,949,116	6,908,059	41,057
Vocational	2,075,047	2,018,116	1,986,220	31,896
Other	0	795,430	791,789	3,641
Support Services:				
Pupil	3,757,784	4,200,436	3,924,331	276,105
Instructional Staff	4,797,868	4,983,009	4,880,541	102,468
General Administration	244,920	281,654	241,657	39,998
School Administration	5,201,636	5,183,898	5,101,695	82,203
Fiscal	1,588,915	1,609,915	1,518,632	91,283
Business	670,515	708,515	694,083	14,432
Operations and Maintenance	9,214,782	9,152,767	8,858,586	294,181
Pupil Transportation	4,312,645	4,510,027	4,462,453	47,574
Central	1,347,405	1,386,805	1,254,274	132,531
Community Services	360,632	379,616	307,518	72,098
Extracurricular Activities	1,338,200	1,310,900	1,255,252	55,648
Other Uses of Funds	750,000	750,000	0	750,000
Total Expenditures	81,263,668	81,242,401	79,130,150	2,112,251
Excess of Revenues Over (Under) Expenditures	(4,362,848)	(4,425,636)	(519,670)	3,905,967
Other financing sources:				
Proceeds from Sale of Capital Assets	20,000	20,000	24,313	4,313
Total Other Financing Sources	20,000	20,000	24,313	4,313
Net Change in Fund Balance	(4,342,848)	(4,405,636)	(495,357)	3,910,279
Fund Balance Beginning of Year	11,228,086	11,228,086	11,228,086	0
Prior year encumbrances appropriated	1,067,234	1,067,234	1,067,234	0
Fund Balance End of Year	\$7,952,472	\$7,889,683	\$11,799,963	\$3,910,279

See accompanying notes to the basic financial statements.

Northwest Local School District
Fiduciary Assets and Liabilities
June 30, 2006

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$158,200</u>
Total Assets	<u><u>\$158,200</u></u>
Liabilities:	
Accounts Payable	\$1,716
Other Liabilities	<u>156,484</u>
Total Liabilities	<u><u>\$158,200</u></u>

See accompanying notes to the basic financial statements.

**NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

NOTE A—DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

DESCRIPTION OF THE DISTRICT

The Northwest Local School District (District) operates under current standards as prescribed by the Ohio State Board of Education as provided in Division (d) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. Presently, the District operates under a locally elected 5 member Board of Education (Board) as defined by Section 3313.02 of the Ohio Revised Code.

The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditures of the District's tax dollars. The Board also approves the annual Appropriation Resolution and Tax Budget.

The District services an area of 54 square miles, including all of Colerain Township, and portions of Green and Springfield Townships. The District is 99 percent in Hamilton County, and a small area is in Butler County, Ross Township, on its northern boundary line.

The District currently has 10,332 students enrolled in nine elementary schools, three middle schools, and two senior high schools. The District has two career centers serving junior and senior students. There are 716 certificated employees and 521 non-certificated employees to provide services to the students. The District is the largest local and the 17th largest of all school districts in Ohio.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles [GAAP] as applied to governmental units. The Governmental Accounting Standards Board [GASB] is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

THE REPORTING ENTITY

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE A—DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY – (continued)

The following activities are included within the reporting entity:

Parochial/Private Schools - Within the District, St. Ann, St. Bernard, St. Ignatius, St. James, and St. John Elementaries, and LaSalle High School are operated through the Cincinnati Catholic Diocese; Beautiful Savior Lutheran is operated as a private school. Current State legislation provides funding to these schools. The monies are received and disbursed on behalf of the schools by the District Treasurer, as directed by the District's administration. The activity of these State monies by the District are reflected in the Special Revenue Funds for financial reporting purposes, because the District has administrative responsibility.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles [GAAP] as applied to governmental units. The Governmental Accounting Standards Board [GASB] is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

FUND ACCOUNTING

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

Governmental Funds

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary fund is an Agency Fund. The District's Agency Fund accounts for assets and liabilities generated by student managed activities.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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

Fund Financial Statements

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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

Unearned Revenue

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

Payment in Lieu of Taxes

Payment in lieu of taxes are revenues received from other governmental entities as per an agreement through a tax incremental financing contract between the District and other governmental agency such as a township or city.

Expenses/Expenditures

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

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

CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due.

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the current fiscal year amounted to \$948,015, which includes \$9,943 assigned from other District funds.

INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of donated food, purchased food and consumable supplies held and expended when used.

CAPITAL ASSETS

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500), and a useful life of five years or more. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives
Buildings	30 - 50 years
Building Improvements	10 - 30 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

For governmental fund financial statements, liabilities and expenditures for compensated absences are recognized when due. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

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

<u>VACATION</u>	<u>CERTIFIED</u>	<u>ADMINISTRATORS</u>	<u>NON-CERTIFICATED</u>
How earned	Not eligible	15-20 days at start of each contract year	10-20 days for each service year depending on length of service
Maximum Accumulation	Not applicable	50 days	50 days
Termination Entitlement	Not applicable	As earned	As earned

<u>SICK LEAVE</u>	<u>CERTIFIED</u>	<u>ADMINISTRATORS</u>	<u>NON-CERTIFICATED</u>
How earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum Accumulation	232 days	262 days	232 to 272 days according to job classification
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per contract	Per contract

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

INTERFUND ACTIVITY

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” All interfund activity is eliminated in the governmental activities column of the Statement of Net Assets and the Statement of Activities, except for interfund services provided and used.

BUDGETARY PROCESS

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

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.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Estimated Resources

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

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 is legally enacted by the Board at the fund level 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 District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board. The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years.

The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. During the year, several supplementary appropriations were legally enacted; however, none of these amendments were significant. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriations and to determine

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations

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

FUND EQUITY

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

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.

NOTE C—CASH AND INVESTMENTS

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

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE C—CASH AND INVESTMENTS – (continued)

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE C—CASH AND INVESTMENTS – (continued)

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

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pooled securities. As of June 30, 2006, \$17,413,761 of the District’s bank balance of \$17,797,561 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorized pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105 percent of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Agency Bonds	\$94,797	0.420
Money Market Accounts	<u>4,054</u>	0.000
Total Fair Value	<u>\$98,851</u>	
Portfolio Weighted Average Maturity		0.002

Interest rate risk – In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE C—CASH AND INVESTMENTS – (continued)

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District’s investments in Federal Agencies and in the Money Market Funds were rated AAA by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service. Investments in STAR Ohio were rated AAA by Standard & Poor’s.

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

NOTE D—PROPERTY TAXES

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

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2006, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reportable on the 2006 and subsequent year returns is not subject to the personal property tax.

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

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE D—PROPERTY TAXES – (continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at fiscal year end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2006, was \$14,230,000 for General Fund and \$655,000 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2006 operations. The amount available for advance at June 30, 2005 was \$14,230,000 for General Fund and \$575,000 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2005 operations.

NOTE E—RECEIVABLES

Receivables at June 30, 2006, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
General Fund	\$23,642
IDEA B Special Education	154,428
Drug Free Schools	5,210
Title I	204,431
Title II-A	8,685
Public Preschool	<u>11,514</u>
 Total Governmental Activities	 <u>\$407,910</u>

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE F—CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/06</u>
Governmental Activities				
<i>Capital Assets, Not being Depreciated:</i>				
Land	\$3,926,125	\$0	\$0	\$3,926,125
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	48,328,949	0	0	48,328,949
Furniture and Equipment	5,856,867	264,857	40,368	6,081,356
Vehicles	<u>5,442,817</u>	<u>189,223</u>	<u>0</u>	<u>5,632,040</u>
Total Historical Cost	<u>\$63,554,758</u>	<u>\$454,080</u>	<u>\$40,368</u>	<u>\$63,968,470</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$28,455,716	\$895,888	\$0	\$29,351,604
Furniture and Equipment	5,157,703	207,326	40,368	5,324,661
Vehicles	<u>3,739,767</u>	<u>381,622</u>	<u>0</u>	<u>4,121,389</u>
Total Accumulated Depreciation	<u>\$37,353,186</u>	<u>\$1,484,836</u>	<u>\$40,368</u>	<u>\$38,797,654</u>
Governmental Activities Capital Assets, Net	<u>\$26,201,572</u>	<u>(\$1,030,756)</u>	<u>\$ 0</u>	<u>\$25,170,816</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$786,468
Special	54,873
Vocational	88,531
Support Services:	
Pupil	3,472
Instructional Staff	849
Administration	30,442
Fiscal	1,927
Business	569
Operations and Maintenance	42,862
Pupil Transportation	352,353
Central	36,587
Community Services	84,384
Extracurricular Activities	<u>1,519</u>
Total Depreciation Expense	<u>\$1,484,836</u>

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE G—LEGAL DEBT MARGIN

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed nine percent (9%) of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the District.

The effects of these debt limitations at June 30, 2006, are a voted debt margin of \$133,309,868 and an unvoted debt margin of \$1,702,852.

NOTE H—LONG-TERM LIABILITIES

The change in the District's long-term obligations during the year consist of the following:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due in</u> <u>One Year</u>
Government Activities					
Bonds Payable:					
1998 School Improvement	\$22,305,000	\$0	(\$15,970,000)	\$6,335,000	\$640,000
Refunded Bonds:					
Current Interest Bonds	0	14,660,000	0	14,660,000	35,000
Refunded Bonds:					
Capital Appreciation Bonds	0	720,000	0	720,000	0
Accretion of Interest	0	36,667	0	36,667	0
Premium on Bonds:					
2005 School Improvement	0	584,485	(18,265)	566,220	36,530
Subtotal Bonds	<u>22,305,000</u>	<u>16,001,152</u>	<u>(15,988,265)</u>	<u>22,317,887</u>	<u>711,530</u>
Compensated Absences	<u>4,551,175</u>	<u>710,560</u>	<u>(1,257,335)</u>	<u>4,004,400</u>	<u>894,353</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$26,856,175</u>	<u>\$16,711,712</u>	<u>(\$17,245,600)</u>	<u>\$26,322,287</u>	<u>\$1,605,883</u>

On March 1, 1998, the District issued \$25,000,000, 3.7%-6.0% general obligation bonds. These bonds were issued to fund construction of a new elementary building and various school improvements and will be paid from property taxes. Compensated absences will be paid from the General Fund for governmental activities.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE H—LONG-TERM LIABILITIES – (continued)

On November 1, 2005, the District advance refunded \$15,380,000 in School Improvement Bonds that were originally for the purpose of new construction, improvements, renovating, and additions to school facilities. In retiring the bonds, \$590,000 in principal payments were made on the refunding bonds before sending the refunding agent the \$15,380,000 to retire the original debt. The \$584,485 premium on the issuance of the refunding bonds is included on this new debt and will be amortized over the life of the new debt which has a remaining life of 16 years with a final maturity date of December 1, 2022. The new debt will be retired from the debt service fund.

The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of approximately \$1.2 million and to obtain in economic gain an amount of \$615,529 for the District.

The bond issue is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Payment of principal and interest relating to this liability is recorded as an expenditure in the Debt Service Fund.

The refunding bonds are not subject to optional redemption prior to maturity. Of the \$15,380,000 issued, \$14,660,000 represents serial bonds and \$720,000 is capital appreciation bonds.

The capital appreciation bonds will mature in fiscal year 2016. The final maturity amount of the bonds is \$1,380,000. For fiscal year 2006, a half year of accretion was recorded for the capital appreciation bonds as the issuance date was November 1, 2005.

The following is a summary of the District’s future annual debt service requirements for general obligations:

BONDED DEBT

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Bond</u> <u>Principal</u>	<u>Bond</u> <u>Interest</u>	<u>Total</u>
2007	\$675,000	\$994,495	\$1,669,495
2008	790,000	961,805	1,751,805
2009	845,000	922,668	1,767,668
2010	920,000	877,778	1,797,778
2011	990,000	829,008	1,819,008
2012-2016	5,480,000	3,957,763	9,437,763
2017-2021	8,020,000	1,916,364	9,936,364
2022-2023	<u>3,995,000</u>	<u>182,363</u>	<u>4,177,363</u>
TOTAL	<u>\$21,715,000</u>	<u>\$10,642,244</u>	<u>\$32,357,244</u>

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE I—DEFINED BENEFIT PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The 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 School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or visiting the SERS website at www.ohsers.org.

Plan members are required to contribute ten percent (10%) of their annual covered salary and the District is required to contribute fourteen percent (14%); five and eight-tenths percent (5.8%) was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,683,730, \$1,893,980 and \$1,718,550 respectively; fifty percent (50.0%) has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$841,860 represents the unpaid contribution for fiscal year 2006.

STATE TEACHERS RETIREMENT

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute ten percent (10%) of their annual covered salary and the District is required to contribute fourteen percent (14%); thirteen percent (13%) was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent (10%) for members and fourteen percent (14%) for employers. The District's required contributions for pension obligations to STRS for the fiscal year ended June 30, 2006, 2005, and 2004 were \$5,626,229, \$5,868,053 and \$5,781,379 respectively, one hundred percent (100%) for the fiscal years 2006, 2005 and 2004. There is a balance due to the District at year end due to an overpayment.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE J—POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently fourteen percent (14%) of covered payroll. The Board currently allocates employer contributions equal to one percent (1.0%) of covered payroll to the Health Care Stabilization Fund for which payments for health care benefits are paid. For the District, this amount equaled \$56,262 during the 2006 fiscal year. As of June 30, 2005, eligible benefit recipients totaled 115,395. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

For 2006 fiscal year, employer contributions to fund health care benefits were three and forty-three hundredths percent (3.43%) of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to fourteen percent (14%) of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$35,800. The surcharge rate added to the unallocated portion of the fourteen percent (14%) employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$412,514 during the 2006 fiscal year. The number of participants currently receiving health care benefits is 58,123. For the fiscal year ended June 30, 2005, net health care costs paid by SERS were \$178,221,113.

NOTE K—CONTINGENT LIABILITIES

GRANTS

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE K—CONTINGENT LIABILITIES – (continued)

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

LITIGATION

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

NOTE L—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2005, the District contracted with Cincinnati Insurance Company for property and general liability insurance and boiler and machinery insurance.

Professional liability is protected by Ohio School Plan with \$2,000,000 each occurrence, \$2,000,000 aggregate limit.

Vehicles are covered by Ohio School Plan with no deductible for comprehensive and \$1,000 deductible for collision.

Public officials bond insurance is provided by Cincinnati Insurance Company. The Treasurer, Superintendent, Business Director, and Board President are covered by bonds in the amount of \$20,000.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides life insurance and accidental death and dismemberment insurance to most employees through CIGNA Life.

The District has elected to provide employee medical/surgical benefits through Medical Mutual of Ohio, a primary care access system. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

The District provides dental insurance to all employees through CoreSource, Inc.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three years.

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE M—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 transaction on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the Major Governmental Fund, General Fund.

	Net Change in Fund Balance Major Governmental Fund
	<u>General</u>
GAAP Basis	\$275,956
Revenue Accruals	212,006
Expenditure Accruals	(363,141)
Encumbrances	<u>(620,178)</u>
Budgetary Basis	<u>(\$495,357)</u>

NOTE N—FUND BALANCE RESERVES FOR SET-ASIDES

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

NORTHWEST LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – (continued)
For the Fiscal Year Ended June 30, 2006

NOTE N— FUND BALANCE RESERVES FOR SET-ASIDES – (continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside carried forward from June 30, 2005	(\$2,050,331)	\$0
Current Year Set-aside Retirement	1,569,463	1,569,463
Qualifying Disbursements	<u>(1,825,231)</u>	<u>(2,485,083)</u>
Total	<u>(2,306,099)</u>	<u>(915,620)</u>
Set-aside carried forward to FY2007	<u>(\$2,306,099)</u>	<u>\$0</u>

Qualified disbursements and offset credits for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled \$2,050,331, resulting in \$2,306,099 for carryover to offset textbook requirements in future years.

NOTE O—CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

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

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

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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COMBINING STATEMENTS – NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

FOOD SERVICE FUND:

To Account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the District's students and staff.

UNDERGROUND STORAGE TANK FUND:

To account for local funds which are provided in the event of an underground storage tank leak.

ATHLETIC FUND:

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

AUXILIARY SERVICES FUND:

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

CAREER DEVELOPMENT FUND:

To account for state funds which are provided to introduce various career opportunities to students as required by the minimum standards for Ohio schools.

EDUCATION MANAGEMENT INFORMATION SYSTEM FUND:

To account for state funds which are provided to assist the District in implementing a staff, student and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

PUBLIC PRESCHOOL FUND:

To account for assistance from the State in paying the cost of a preschool program for three and four year old students.

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR SPECIAL REVENUE FUNDS (continued)

DISADVANTAGED PUPIL IMPACT AID FUND:

To account for state funds which provide instructional programs and materials for disadvantaged students.

OHIO SCHOOLNET PROFESSIONAL DEVELOPMENT FUND:

To account for state funds received to provide assistance to the District for the development of technology in-service programs.

OHIO READS FUND:

To account for state funds received to improve literacy for kindergarten through fourth grades.

STUDENT INTERVENTION FUND:

To account for state funds which provide academic intervention services and materials to students in grades 1 through 4 who have failed the Ohio Proficiency test in reading.

ENTRY YEAR TEACHERS GRANT FUND:

To account for state funds used to provide an entry year program for beginning teachers that hold two-year provisional licenses and are teaching in their licensed field.

POVERTY AID FUND:

To account for state funds used to provide various programs targeted for identified students.

IDEA B SPECIAL EDUCATION FUND:

To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels. Also, to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

VOCATIONAL EDUCATION PERKINS FUND:

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

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR SPECIAL REVENUE FUNDS (continued)

TITLE III LEP FUND:

To account for federal funds to provide language instruction for limited English proficient and migrant students.

TITLE I FUND:

To account for federal funds for services provided to meet special education needs of educationally deprived children.

TITLE V INNOVATIVE PROJECTS FUND:

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

DRUG FREE SCHOOLS FUND:

To account for federal funds for the establishment, operation and improvement of programs for drug abuse prevention, rehabilitation referral and education in schools.

TITLE II-A FUND:

To account for federal funds received to assist in the cost of personnel hired to reduce class size in kindergarten through third grade.

TECHNOLOGY II-D FUND:

To account for federal funds to enhance education through technology.

HURRICANE KATRINA RELIEF FUND:

To account for federal funds received to support students enrolled which were displaced from Hurricane Katrina.

NORTHWEST LOCAL SCHOOL DISTRICT

NONMAJOR SPECIAL REVENUE FUNDS (continued)

NONMAJOR DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio law.

NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings, additions to existing buildings, or for major renovation projects, including equipment purchases.

PERMANENT IMPROVEMENT FUND:

To account for all transactions related to the acquisition, construction or improvement of the infrastructure of buildings and grounds through permanent improvements.

OHIO SCHOOLNET FUND:

To account for programs designed to help school districts obtain computers, related technology equipment and/or the necessary infrastructure for educational technology.

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Northwest Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,196,757	\$1,113,172	\$2,427,816	\$4,737,745
Receivables:				
Taxes	0	1,632,520	0	1,632,520
Accounts	561	0	0	561
Intergovernmental	384,268	0	0	384,268
Inventory	66,188	0	0	66,188
Total Assets	\$1,647,774	\$2,745,692	\$2,427,816	\$6,821,282
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$12,062	\$0	\$0	\$12,062
Accrued Wages and Benefits	726,133	0	0	726,133
Deferred Revenue	218,849	977,520	0	1,196,369
Total Liabilities	957,044	977,520	0	1,934,564
Fund Balances:				
Reserved for Encumbrances	74,517	0	0	74,517
Reserved for Inventory	66,188	0	0	66,188
Reserved for Property Tax Advances	0	655,000	0	655,000
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	550,025	0	0	550,025
Debt Service Fund	0	1,113,172	0	1,113,172
Capital Projects Funds	0	0	2,427,816	2,427,816
Total Fund Balances	690,730	1,768,172	2,427,816	4,886,718
Total Liabilities and Fund Balances	\$1,647,774	\$2,745,692	\$2,427,816	\$6,821,282

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$1,678,204	\$0	\$1,678,204
Investment Earnings	9,943	0	0	9,943
Intergovernmental	7,748,708	184,038	42,000	7,974,746
Extracurricular Activities	455,337	0	0	455,337
Charges for Services	2,052,682	0	0	2,052,682
Other Revenues	0	0	20,320	20,320
Total Revenues	10,266,670	1,862,242	62,320	12,191,232
Expenditures:				
Current:				
Instruction:				
Regular	427,543	0	33,525	461,068
Special	1,637,533	0	0	1,637,533
Vocational	76,393	0	0	76,393
Student Intervention	9,000	0	0	9,000
Support Services:				
Pupil	822,391	0	0	822,391
Instructional Staff	908,576	0	0	908,576
School Administration	319,573	0	0	319,573
Operations and Maintenance	19,635	0	8,940	28,575
Pupil Transportation	12,485	0	0	12,485
Central	14,578	0	0	14,578
Community Services	2,598,279	0	0	2,598,279
Operation of Non-instructional Services	3,294,799	0	0	3,294,799
Extracurricular Activities	535,779	0	0	535,779
Debt Service:				
Principal Retirement	0	590,000	0	590,000
Interest and Fiscal Charges	0	1,149,162	0	1,149,162
Total Expenditures	10,676,564	1,739,162	42,465	12,458,191
Excess of Revenues Over Expenditures	(409,894)	123,080	19,855	(266,959)
Other Financing Sources:				
Payments to Refunded Bond Escrow Agent	0	(15,964,485)	0	(15,964,485)
Proceeds of Refunding Bonds	0	15,380,000	0	15,380,000
Refunding Bond Premium	0	584,485	0	584,485
Total Other Financing Sources	0	0	0	0
Net Change in Fund Balance	(409,894)	123,080	19,855	(266,959)
Fund Balance Beginning of Year	1,100,624	1,645,092	2,407,961	5,153,677
Fund Balance End of Year	\$690,730	\$1,768,172	\$2,427,816	\$4,886,718

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Food Service	Underground Storage Tank	Athletic
Assets:			
Equity in Pooled Cash and Investments	\$415,956	\$11,000	\$159,572
Receivables:			
Accounts	561	0	0
Intergovernmental	0	0	0
Inventory	66,188	0	0
Total Assets	\$482,705	\$11,000	\$159,572
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$6,093	\$0	\$5,210
Accrued Wages and Benefits	332,952	0	0
Deferred Revenue	0	0	0
Total Liabilities	339,045	0	5,210
Fund Balances:			
Reserved for Encumbrances	3,370	0	0
Reserved for Inventory	66,188	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	74,102	11,000	154,362
Total Fund Balances	143,660	11,000	154,362
Total Liabilities and Fund Balances	\$482,705	\$11,000	\$159,572

Auxiliary Services	Career Development	Education Management Information System	Public Preschool	Disadvantaged Pupil Impact Aid	Ohio SchoolNet Professional Development
\$190,142	\$0	\$41,290	\$10,120	\$0	\$3,708
0	0	0	0	0	0
0	0	0	11,514	0	0
0	0	0	0	0	0
<u>\$190,142</u>	<u>\$0</u>	<u>\$41,290</u>	<u>\$21,634</u>	<u>\$0</u>	<u>\$3,708</u>
\$0	\$0	\$0	\$0	\$0	\$0
5,684	0	0	19,025	0	0
0	0	0	0	0	0
<u>5,684</u>	<u>0</u>	<u>0</u>	<u>19,025</u>	<u>0</u>	<u>0</u>
66,590	0	0	0	0	0
0	0	0	0	0	0
<u>117,868</u>	<u>0</u>	<u>41,290</u>	<u>2,609</u>	<u>0</u>	<u>3,708</u>
<u>184,458</u>	<u>0</u>	<u>41,290</u>	<u>2,609</u>	<u>0</u>	<u>3,708</u>
<u>\$190,142</u>	<u>\$0</u>	<u>\$41,290</u>	<u>\$21,634</u>	<u>\$0</u>	<u>\$3,708</u>

continued

Northwest Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds (continued)
 June 30, 2006

	OhioReads	Student Intervention	Entry Year Teachers Grant
Assets:			
Equity in Pooled Cash and Investments	\$0	\$0	\$0
Receivables:			
Accounts	0	0	0
Intergovernmental	0	0	0
Inventory	0	0	0
Total Assets	\$0	\$0	\$0
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	0	0	0
Fund Balances:			
Reserved for Encumbrances	0	0	0
Reserved for Inventory	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	0	0
Total Fund Balances	0	0	0
Total Liabilities and Fund Balances	\$0	\$0	\$0

Poverty Aid	IDEA B Special Education	Vocational Education Perkins	Title III LEP	Title I	Title V Innovative Projects
\$4,349	\$296,675	\$0	\$152	\$37,831	\$2,990
0	0	0	0	0	0
0	154,428	0	0	204,431	0
0	0	0	0	0	0
<u>4,349</u>	<u>\$451,103</u>	<u>\$0</u>	<u>\$152</u>	<u>\$242,262</u>	<u>\$2,990</u>
\$0	\$0	\$228	\$0	\$0	\$0
0	241,575	0	0	112,955	0
0	104,428	0	0	109,211	0
0	346,003	228	0	222,166	0
700	0	0	0	0	1,438
0	0	0	0	0	0
3,649	105,100	(228)	152	20,096	1,552
4,349	105,100	(228)	152	20,096	2,990
<u>\$4,349</u>	<u>\$451,103</u>	<u>\$0</u>	<u>\$152</u>	<u>\$242,262</u>	<u>\$2,990</u>

continued

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
June 30, 2006

	Drug Free Schools	Title II-A	Technology II-D
Assets:			
Equity in Pooled Cash and Investments	\$4,693	\$16,919	\$1,360
Receivables:			
Accounts	0	0	0
Intergovernmental	5,210	8,685	0
Inventory	0	0	0
Total Assets	\$9,903	\$25,604	\$1,360
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$0	\$531	\$0
Accrued Wages and Benefits	0	13,942	0
Deferred Revenue	5,210	0	0
Total Liabilities	5,210	14,473	0
Fund Balances:			
Reserved for Encumbrances	1,699	720	0
Reserved for Inventory	0	0	0
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	2,994	10,411	1,360
Total Fund Balances	4,693	11,131	1,360
Total Liabilities and Fund Balances	\$9,903	\$25,604	\$1,360

Hurricane Katrina Relief	Total Nonmajor Special Revenue Funds
\$0	\$1,196,757
0	561
0	384,268
0	66,188
<u>\$0</u>	<u>\$1,647,774</u>

\$0	\$12,062
0	726,133
0	218,849
<u>0</u>	<u>957,044</u>

0	74,517
0	66,188
<u>0</u>	<u>550,025</u>
<u>0</u>	<u>690,730</u>
<u>\$0</u>	<u>\$1,647,774</u>

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

	Food Service	Underground Storage Tank	Athletic
Revenues:			
Investment Earnings	\$3,000	\$0	\$0
Intergovernmental	1,089,339	0	0
Extracurricular Activities	0	0	455,337
Charges for Services	2,052,682	0	0
Total Revenues	3,145,021	0	455,337
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Student Intervention	0	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	0	0	0
School Administration	0	0	0
Operations and Maintenance	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Community Services	0	0	0
Operation of Non-instructional Services	3,294,799	0	0
Extracurricular Activities	0	0	535,779
Total Expenditures	3,294,799	0	535,779
Net Change in Fund Balance	(149,778)	0	(80,442)
Fund Balance Beginning of Year	293,438	11,000	234,804
Fund Balance End of Year	<u>\$143,660</u>	<u>\$11,000</u>	<u>\$154,362</u>

Auxiliary Services	Career Development	Education Management Information System	Public Preschool	Disadvantaged Pupil Impact Aid	Ohio SchoolNet Professional Development
\$6,943	\$0	\$0	\$0	\$0	\$0
2,283,990	0	35,503	166,758	0	6,300
0	0	0	0	0	0
0	0	0	0	0	0
2,290,933	0	35,503	166,758	0	6,300
0	5,058	0	144,023	0	0
0	0	0	0	1,530	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	28,646	0	8,631
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	14,578	0	0	0
2,267,811	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,267,811	5,058	14,578	172,669	1,530	8,631
23,122	(5,058)	20,925	(5,911)	(1,530)	(2,331)
161,336	5,058	20,365	8,520	1,530	6,039
\$184,458	\$0	\$41,290	\$2,609	\$0	\$3,708

continued

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2006

	OhioReads	Student Intervention	Entry Year Teachers Grant
Revenues:			
Investment Earnings	\$0	\$0	\$0
Intergovernmental	38,000	45,696	36,000
Extracurricular Activities	0	0	0
Charges for Services	0	0	0
Total Revenues	38,000	45,696	36,000
Expenditures:			
Current:			
Instruction:			
Regular	9,630	0	0
Special	0	55,583	0
Vocational	0	0	0
Student Intervention	0	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	28,427	20,977	36,000
School Administration	0	0	0
Operations and Maintenance	0	0	0
Pupil Transportation	0	3,100	0
Central	0	0	0
Community Services	0	496	0
Operation of Non-instructional Services	0	0	0
Extracurricular Activities	0	0	0
Total Expenditures	38,057	80,156	36,000
Net Change in Fund Balance	(57)	(34,460)	0
Fund Balance Beginning of Year (restated)	57	34,460	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Poverty Aid	IDEA B Special Education	Vocational Education Perkins	Title III LEP	Title I	Title V Innovative Projects
\$0	\$0	\$0	\$0	\$0	\$0
124,514	2,514,585	169,675	38,474	788,302	40,355
0	0	0	0	0	0
0	0	0	0	0	0
124,514	2,514,585	169,675	38,474	788,302	40,355
0	0	57,338	0	0	0
120,165	872,699	0	36,790	517,152	33,614
0	0	76,393	0	0	0
0	0	0	0	0	0
0	728,346	47,296	0	41,753	0
0	419,696	15,463	2,723	226,518	0
0	281,973	8,111	0	29,489	0
0	0	0	0	0	0
0	0	0	0	9,385	0
0	0	0	0	0	0
0	231,215	0	2,310	64,707	16,094
0	0	0	0	0	0
0	0	0	0	0	0
120,165	2,533,929	204,601	41,823	889,004	49,708
4,349	(19,344)	(34,926)	(3,349)	(100,702)	(9,353)
0	124,444	34,698	3,501	120,798	12,343
\$4,349	\$105,100	(\$228)	\$152	\$20,096	\$2,990

continued

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (concluded)
For the Fiscal Year Ended June 30, 2006

	Drug Free Schools	Title II-A	Technology II-D
Revenues:			
Investment Earnings	\$0	\$0	\$0
Intergovernmental	39,735	303,980	18,502
Extracurricular Activities	0	0	0
Charges for Services	0	0	0
Total Revenues	39,735	303,980	18,502
Expenditures:			
Current:			
Instruction:			
Regular	11,737	189,515	10,242
Special	0	0	0
Vocational	0	0	0
Student Intervention	0	0	0
Support Services:			
Pupil	4,996	0	0
Instructional Staff	0	115,656	5,839
School Administration	0	0	0
Operations and Maintenance	19,635	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Community Services	7,746	2,233	5,667
Operation of Non-instructional Services	0	0	0
Extracurricular Activities	0	0	0
Total Expenditures	44,114	307,404	21,748
Net Change in Fund Balance	(4,379)	(3,424)	(3,246)
Fund Balance Beginning of Year (restated)	9,072	14,555	4,606
Fund Balance End of Year	\$4,693	\$11,131	\$1,360

Hurricane Katrina Relief	Total Nonmajor Special Revenue Funds
\$0	\$9,943
9,000	7,748,708
0	455,337
0	2,052,682
9,000	10,266,670
0	427,543
0	1,637,533
0	76,393
9,000	9,000
0	822,391
0	908,576
0	319,573
0	19,635
0	12,485
0	14,578
0	2,598,279
0	3,294,799
0	535,779
9,000	10,676,564
0	(409,894)
0	1,100,624
\$0	\$690,730

Northwest Local School District
 Combining Balance Sheet
 Nonmajor Debt Service Fund
 June 30, 2006

	<u>Debt Service</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,113,172
Receivables:	
Taxes	<u>1,632,520</u>
Total Assets	<u><u>\$2,745,692</u></u>
Liabilities and Fund Balances:	
Liabilities:	
Deferred Revenue	<u>\$977,520</u>
Total Liabilities	<u>977,520</u>
Fund Balances:	
Reserved for Property Tax Advances	655,000
Unreserved, Undesignated, Reported in:	
Debt Service Fund	<u>1,113,172</u>
Total Fund Balances	<u>1,768,172</u>
Total Liabilities and Fund Balances	<u><u>\$2,745,692</u></u>

Northwest Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Debt Service Fund
 For the Fiscal Year Ended June 30, 2006

	<u>Debt Service</u>
Revenues:	
Taxes	\$1,678,204
Intergovernmental	<u>184,038</u>
Total Revenues	<u>1,862,242</u>
Expenditures:	
Debt Service:	
Principal Retirement	590,000
Interest and Fiscal Charges	<u>1,149,162</u>
Total Expenditures	<u>1,739,162</u>
Other Financing Sources:	
Payments to Refunded Bond Escrow Agent	(15,964,485)
Proceeds of Refunding Bonds	15,380,000
Refunding Bond Premium	<u>584,485</u>
Total Other Financing Sources	<u>0</u>
Net Change in Fund Balance	123,080
Fund Balance Beginning of Year	<u>1,645,092</u>
Fund Balance End of Year	<u><u>\$1,768,172</u></u>

Northwest Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	Permanent Improvement	Ohio SchoolNet	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,427,816	\$0	\$2,427,816
Total Assets	\$2,427,816	\$0	\$2,427,816
Liabilities and Fund Balances:			
Liabilities:			
Total Liabilities	\$0	\$0	\$0
Fund Balances:			
Unreserved, Undesignated, Reported in: Capital Projects Funds	2,427,816	0	2,427,816
Total Fund Balances	2,427,816	0	2,427,816
Total Liabilities and Fund Balances	\$2,427,816	\$0	\$2,427,816

Northwest Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2006

	Permanent Improvement	Ohio SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental	\$0	\$42,000	\$42,000
Other Revenues	20,320	0	20,320
Total Revenues	20,320	42,000	62,320
Expenditures:			
Current:			
Instruction:			
Regular	0	33,525	33,525
Support Services:			
Operations and Maintenance	0	8,940	8,940
Total Expenditures	0	42,465	42,465
Net Change in Fund Balance	20,320	(465)	19,855
Fund Balance Beginning of Year	2,407,496	465	2,407,961
Fund Balance End of Year	\$2,427,816	\$0	\$2,427,816

Northwest Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$181,438	\$0	\$23,238	\$158,200
Total Assets	<u>\$181,438</u>	<u>\$0</u>	<u>\$23,238</u>	<u>\$158,200</u>
Liabilities:				
Accounts Payable	\$60	\$0	(\$1,656)	\$1,716
Other Liabilities	181,378	0	24,894	156,484
Total Liabilities	<u>\$181,438</u>	<u>\$0</u>	<u>\$23,238</u>	<u>\$158,200</u>

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$37,934,000	\$37,934,000	\$39,285,971	\$1,351,971
Revenue in Lieu of Taxes	1,800,000	1,800,000	1,905,623	105,623
Tuition and Fees	1,677,000	1,663,455	1,835,104	171,649
Interest	500,000	500,000	965,613	465,613
Intergovernmental	34,395,920	34,395,920	34,066,360	(329,560)
Other Revenues	593,900	523,390	551,809	28,419
Total Revenues	76,900,820	76,816,765	78,610,480	1,793,716
Expenditures:				
Current:				
Instruction:				
<u>Regular</u>				
Salaries and Wages	27,625,450	26,254,685	26,249,324	5,362
Fringe Benefits	7,721,135	7,564,462	7,563,966	496
Purchased Services	1,512,300	1,562,428	1,553,815	8,613
Materials and Supplies	1,733,829	1,495,082	1,435,101	59,981
Capital Outlay	700	700	700	0
Capital Outlay - Replacement	171,140	144,840	142,154	2,686
Total Regular	38,764,554	37,022,197	36,945,060	77,137
<u>Special</u>				
Salaries and Wages	4,546,200	4,322,097	4,321,714	383
Fringe Benefits	1,291,565	1,260,584	1,260,526	58
Purchased Services	1,001,000	1,366,435	1,325,819	40,616
Total Special	6,838,765	6,949,116	6,908,059	41,057
<u>Vocational</u>				
Salaries and Wages	1,466,500	1,385,573	1,385,573	0
Fringe Benefits	422,060	412,395	412,395	0
Purchased Services	21,250	21,670	14,890	6,780
Materials and Supplies	146,070	149,270	130,376	18,894
Capital Outlay	4,387	4,387	3,082	1,305
Capital Outlay - Replacement	14,780	44,821	39,903	4,917
Total Vocational	\$2,075,047	\$2,018,116	\$1,986,220	\$31,896
<u>Other</u>				
Salaries and Wages	0	621,330	617,765	3,565
Fringe Benefits	0	174,100	174,024	76
Total Other	0	795,430	791,789	3,641

continued

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support Services:				
<u>Pupil</u>				
Salaries and Wages	\$1,744,970	\$1,919,970	\$1,885,192	\$34,778
Fringe Benefits	517,975	560,120	553,048	7,072
Purchased Services	1,301,989	1,510,589	1,339,560	171,029
Materials and Supplies	170,900	187,707	128,641	59,066
Other Expenditures	21,950	22,050	17,890	4,160
Total Pupil	3,757,784	4,200,436	3,924,331	276,105
<u>Instructional Staff</u>				
Salaries and Wages	3,279,650	3,406,650	3,400,369	6,281
Fringe Benefits	1,272,050	1,343,250	1,342,094	1,156
Purchased Services	159,950	150,150	76,037	74,113
Materials and Supplies	81,888	78,629	57,711	20,918
Other Expenditures	4,330	4,330	4,330	0
Total Instructional Staff	4,797,868	4,983,009	4,880,541	102,468
<u>General Administration</u>				
Salaries and Wages	12,000	12,300	12,300	0
Fringe Benefits	1,920	2,030	2,030	0
Purchased Services	28,000	28,000	10,391	17,609
Other Expenditures	203,000	239,324	216,936	22,388
Total General Administration	244,920	281,654	241,657	39,998
<u>School Administration</u>				
Salaries and Wages	3,707,990	3,647,752	3,646,867	885
Fringe Benefits	993,475	1,031,575	1,026,731	4,844
Purchased Services	204,396	208,496	164,110	44,386
Materials and Supplies	41,775	42,075	34,988	7,087
Other Expenditures	254,000	254,000	228,999	25,001
Total School Administration	\$5,201,636	\$5,183,898	\$5,101,695	\$82,203

continued

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Fiscal</u>				
Salaries and Wages	\$619,500	\$622,500	\$622,273	\$227
Fringe Benefits	197,415	201,215	201,132	83
Purchased Services	42,000	45,700	44,208	1,492
Materials and Supplies	15,000	15,000	13,541	1,459
Capital Outlay - Replacement	0	2,500	2,500	0
Other Expenditures	715,000	723,000	634,978	88,022
Total Fiscal	1,588,915	1,609,915	1,518,632	91,283
<u>Business</u>				
Salaries and Wages	194,400	194,400	192,277	2,123
Fringe Benefits	56,565	56,565	51,364	5,201
Purchased Services	389,300	427,300	424,758	2,542
Materials and Supplies	30,250	30,250	25,684	4,566
Total Business	670,515	708,515	694,083	14,432
<u>Operations and Maintenance</u>				
Salaries and Wages	2,814,500	2,722,343	2,706,491	15,852
Fringe Benefits	939,760	939,760	909,624	30,136
Purchased Services	4,996,522	4,952,787	4,738,101	214,686
Materials and Supplies	451,500	515,967	482,471	33,496
Capital Outlay	4,500	4,500	4,500	0
Capital Outlay - Replacement	8,000	17,410	17,399	11
Total Operations and Maintenance	9,214,782	9,152,767	8,858,586	294,181
<u>Pupil Transportation</u>				
Salaries and Wages	2,441,500	2,476,500	2,474,967	1,533
Fringe Benefits	784,620	784,620	755,164	29,456
Purchased Services	314,700	364,700	348,681	16,019
Materials and Supplies	593,200	705,582	705,582	0
Capital Outlay - Replacement	178,625	178,625	178,059	566
Total Pupil Transportation	4,312,645	4,510,027	4,462,453	47,574
<u>Central</u>				
Salaries and Wages	801,520	836,520	822,131	14,389
Fringe Benefits	272,635	275,735	250,425	25,310
Purchased Services	166,250	167,250	131,872	35,378
Materials and Supplies	90,500	90,800	41,512	49,288
Capital Outlay	3,000	3,000	1,304	1,696
Capital Outlay - Replacement	3,500	3,500	0	3,500
Other Expenditures	10,000	10,000	7,030	2,970
Total Central	\$1,347,405	\$1,386,805	\$1,254,274	\$132,531

continued

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Community Services</u>				
Salaries and Wages	\$217,000	\$220,000	\$211,423	\$8,577
Fringe Benefits	42,945	42,945	40,975	1,970
Materials and Supplies	9,100	9,100	7,342	1,758
Other Expenditures	91,587	107,571	47,778	59,793
Total Community Services	360,632	379,616	307,518	72,098
<u>Extracurricular Activities</u>				
Salaries and Wages	1,116,000	1,086,200	1,042,061	44,139
Fringe Benefits	203,000	205,500	196,143	9,357
Purchased Services	19,200	19,200	17,048	2,152
Total Extracurricular Activities	1,338,200	1,310,900	1,255,252	55,648
<u>Other Uses of Funds</u>				
Contingencies	750,000	750,000	0	750,000
Total Other Uses of Funds	750,000	750,000	0	750,000
Total Expenditures	81,263,668	81,242,401	79,130,150	2,112,251
Excess of Revenues Over (Under) Expenditures	(4,362,848)	(4,425,636)	(519,670)	3,905,966
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	20,000	20,000	24,313	4,313
Total Other Financing Sources	20,000	20,000	24,313	4,313
Net Change in Fund Balance	(4,342,848)	(4,405,636)	(495,357)	3,910,279
Fund Balance Beginning of Year	11,228,086	11,228,086	11,228,086	0
Prior year encumbrances appropriated	1,067,234	1,067,234	1,067,234	0
Fund Balance End of Year	\$7,952,472	\$7,889,683	\$11,799,963	\$3,910,279

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Food Service Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest	\$3,264	\$2,933	\$3,000	\$67
Intergovernmental	990,071	889,462	909,906	20,444
Charges for Services	2,233,465	2,006,506	2,052,623	46,117
Total Revenues	3,226,800	2,898,901	2,965,529	66,628
Expenditures:				
Current:				
Operation of Non-instructional Services	3,250,000	3,174,900	3,076,457	98,443
Total Expenditures	3,250,000	3,174,900	3,076,457	98,443
Net Change in Fund Balance	(23,200)	(275,999)	(110,928)	165,071
Fund Balance Beginning of Year	523,513	523,513	523,513	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$500,313	\$247,514	\$412,585	\$165,071

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Underground Storage Tank Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	11,000	11,000	11,000	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$0</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Extracurricular Activities	\$555,100	\$448,424	\$455,337	\$6,913
Total Revenues	555,100	448,424	455,337	6,913
Expenditures:				
Current:				
Extracurricular Activities	671,148	668,623	530,789	137,834
Total Expenditures	671,148	668,623	530,789	137,834
Net Change in Fund Balance	(116,048)	(220,199)	(75,452)	144,747
Fund Balance Beginning of Year	163,876	163,876	163,876	0
Prior year encumbrances appropriated	71,148	71,148	71,148	0
Fund Balance End of Year	\$118,976	\$14,825	\$159,572	\$144,747

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Auxiliary Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest	\$0	\$0	\$6,943	\$6,943
Intergovernmental	\$2,231,600	\$2,290,933	\$2,283,990	(\$6,943)
Total Revenues	2,231,600	2,290,933	2,290,933	0
Expenditures:				
Current:				
Community Services	2,391,528	2,400,228	2,337,525	62,703
Total Expenditures	2,391,528	2,400,228	2,337,525	62,703
Net Change in Fund Balance	(159,928)	(109,295)	(46,592)	62,703
Fund Balance Beginning of Year	19,916	19,916	19,916	0
Prior year encumbrances appropriated	150,228	150,228	150,228	0
Fund Balance End of Year	\$10,216	\$60,849	\$123,552	\$62,703

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Career Development Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Instruction:				
Regular	5,058	5,058	5,058	0
Total Expenditures	5,058	5,058	5,058	0
Net Change in Fund Balance	(5,058)	(5,058)	(5,058)	0
Fund Balance Beginning of Year	76	76	76	0
Prior year encumbrances appropriated	4,982	4,982	4,982	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Education Management Information System Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$33,700	\$35,503	\$35,503	\$0
Total Revenues	33,700	35,503	35,503	0
Expenditures:				
Current:				
Support Services:				
Central	32,000	17,500	14,579	2,921
Total Expenditures	32,000	17,500	14,579	2,921
Net Change in Fund Balance	1,700	18,003	20,924	2,921
Fund Balance Beginning of Year	20,365	20,365	20,365	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$22,065	\$38,368	\$41,289	\$2,921

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Public Preschool Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$132,600	\$155,244	\$155,244	\$0
Total Revenues	132,600	155,244	155,244	0
Expenditures:				
Current:				
Instruction:				
Regular	119,562	123,244	124,997	(1,753)
Support Services:				
Instructional Staff	29,837	30,756	31,193	(437)
Total Expenditures	149,399	154,000	156,190	(2,190)
Net Change in Fund Balance	(16,799)	1,244	(946)	(2,190)
Fund Balance Beginning of Year	11,065	11,065	11,065	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	(\$5,734)	\$12,309	\$10,119	(\$2,190)

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Disadvantaged Pupil Impact Aid Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Instruction:				
Special	3,424	3,424	3,424	0
Total Expenditures	3,424	3,424	3,424	0
Net Change in Fund Balance	(3,424)	(3,424)	(3,424)	0
Fund Balance Beginning of Year	3,424	3,424	3,424	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Ohio SchoolNet Professional Development Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$6,800	\$5,300	\$6,300	\$1,000
Total Revenues	6,800	5,300	6,300	1,000
Expenditures:				
Current:				
Support Services:				
Instructional Staff	6,800	9,000	8,632	368
Total Expenditures	6,800	9,000	8,632	368
Net Change in Fund Balance	0	(3,700)	(2,332)	1,368
Fund Balance Beginning of Year	6,040	6,040	6,040	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$6,040	\$2,340	\$3,708	\$1,368

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$20,000	\$38,000	\$38,000	\$0
Total Revenues	20,000	38,000	38,000	0
Expenditures:				
Current:				
Instruction:				
Regular	5,060	9,629	9,629	0
Support Services:				
Instructional Staff	14,940	28,428	28,428	0
Total Expenditures	20,000	38,057	38,057	0
Net Change in Fund Balance	0	(57)	(57)	0
Fund Balance Beginning of Year	57	57	57	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$57	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Student Intervention Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$151,900	\$45,696	\$45,696	\$0
Total Revenues	151,900	45,696	45,696	0
Expenditures:				
Current:				
Instruction:				
Special	58,008	55,582	55,582	0
Support Services:				
Instructional Staff	21,289	20,977	20,977	0
Pupil Transportation	9,600	9,600	9,600	0
Community Services	496	496	496	0
Total Expenditures	89,393	86,655	86,655	0
Net Change in Fund Balance	62,507	(40,959)	(40,959)	0
Fund Balance Beginning of Year	40,959	40,959	40,959	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$103,466	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Entry Year Teachers Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$51,700	\$36,000	\$36,000	\$0
Total Revenues	51,700	36,000	36,000	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	51,700	36,000	36,000	0
Total Expenditures	51,700	36,000	36,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Poverty Aid Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$124,500	\$124,500	\$124,514	(\$14)
Total Revenues	124,500	124,500	124,514	(14)
Expenditures:				
Current:				
Instruction:				
Special	124,500	124,500	120,865	3,635
Total Expenditures	124,500	124,500	120,865	3,635
Net Change in Fund Balance	0	0	3,649	3,621
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$3,649	\$3,621

Northwest Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
IDEA B Special Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$2,346,915	\$2,615,041	\$2,615,041	\$0
Total Revenues	2,346,915	2,615,041	2,615,041	0
Expenditures:				
Current:				
Instruction:				
Special	783,578	910,433	828,063	82,370
Support Services:				
Pupil	702,549	816,359	742,902	73,457
Instructional Staff	375,054	435,811	396,597	39,214
School Administration	266,657	309,854	281,973	27,881
Community Services	218,656	254,077	231,215	22,862
Total Expenditures	2,346,494	2,726,534	2,480,750	245,784
Net Change in Fund Balance	421	(111,493)	134,291	245,784
Fund Balance Beginning of Year	161,891	161,891	161,891	0
Prior year encumbrances appropriated	494	494	494	0
Fund Balance End of Year	\$162,806	\$50,892	\$296,676	\$245,784

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Vocational Education Perkins Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$168,400	\$169,675	\$169,675	\$0
Total Revenues	168,400	169,675	169,675	0
Expenditures:				
Current:				
Instruction:				
Regular	45,986	57,338	57,338	0
Vocational	91,736	76,394	76,394	0
Support Services:				
Pupil	37,748	47,067	47,067	0
Instructional Staff	12,402	15,464	15,464	0
School Administration	6,596	8,224	8,224	0
Total Expenditures	194,468	204,487	204,487	0
Net Change in Fund Balance	(26,068)	(34,812)	(34,812)	0
Fund Balance Beginning of Year	4,344	4,344	4,344	0
Prior year encumbrances appropriated	30,468	30,468	30,468	0
Fund Balance End of Year	\$8,744	\$0	\$0	\$0

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title III LEP Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$19,200	\$38,474	\$38,474	\$0
Total Revenues	19,200	38,474	38,474	0
Expenditures:				
Current:				
Instruction:				
Special	14,428	36,769	36,792	(23)
Support Services:				
Instructional Staff	2,594	2,841	2,723	118
Community Services	2,098	2,310	2,310	0
Total Expenditures	19,120	41,920	41,825	95
Net Change in Fund Balance	80	(3,446)	(3,351)	95
Fund Balance Beginning of Year	3,382	3,382	3,382	0
Prior year encumbrances appropriated	120	120	120	0
Fund Balance End of Year	\$3,582	\$56	\$151	\$95

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title I Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$1,035,800	\$858,686	\$858,686	\$0
Total Revenues	1,035,800	858,686	858,686	0
Expenditures:				
Current:				
Instruction:				
Special	545,037	563,205	554,261	8,944
Support Services:				
Instructional Staff	244,612	252,767	248,752	4,015
School Administration	37,491	38,741	38,126	615
Pupil Transportation	9,229	9,536	9,385	151
Community Services	63,630	65,751	64,707	1,044
Total Expenditures	900,000	930,000	915,231	14,769
Net Change in Fund Balance	135,800	(71,314)	(56,545)	14,769
Fund Balance Beginning of Year	94,375	94,375	94,375	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$230,175	\$23,061	\$37,830	\$14,769

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title V Innovative Projects Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$89,400	\$42,355	\$40,355	(\$2,000)
Total Revenues	89,400	42,355	40,355	(2,000)
Expenditures:				
Current:				
Instruction:				
Special	32,212	35,979	35,026	953
Community Services	16,099	17,832	16,118	1,714
Total Expenditures	48,311	53,811	51,144	2,667
Net Change in Fund Balance	41,089	(11,456)	(10,789)	667
Fund Balance Beginning of Year	4,029	4,029	4,029	0
Prior year encumbrances appropriated	8,311	8,311	8,311	0
Fund Balance End of Year	\$53,429	\$884	\$1,551	\$667

Northwest Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Drug Free Schools Special Revenue Fund
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$48,300	\$39,735	\$39,735	\$0
Total Revenues	48,300	39,735	39,735	0
Expenditures:				
Current:				
Instruction:				
Regular	11,271	11,736	11,736	0
Support Services:				
Pupil	7,444	6,614	4,996	1,618
Operations and Maintenance	18,858	19,635	19,635	0
Community Services	10,960	9,550	9,445	105
Total Expenditures	48,533	47,535	45,812	1,723
Net Change in Fund Balance	(233)	(7,800)	(6,077)	1,722
Fund Balance Beginning of Year	4,535	4,535	4,535	0
Prior year encumbrances appropriated	4,535	4,535	4,535	0
Fund Balance End of Year	\$8,837	\$1,270	\$2,993	\$1,722

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title II-A Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$320,300	\$295,295	\$295,295	\$0
Total Revenues	320,300	295,295	295,295	0
Expenditures:				
Current:				
Instruction:				
Regular	188,658	204,380	201,336	3,044
Support Services:				
Instructional Staff	113,509	122,613	116,590	6,023
Community Services	2,093	2,267	2,233	34
Total Expenditures	304,260	329,260	320,159	9,101
Net Change in Fund Balance	16,040	(33,965)	(24,864)	9,101
Fund Balance Beginning of Year	36,803	36,803	36,803	0
Prior year encumbrances appropriated	4,260	4,260	4,260	0
Fund Balance End of Year	\$57,103	\$7,098	\$16,199	\$9,101

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Technology II-D Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$25,400	\$18,502	\$18,502	\$0
Total Revenues	25,400	18,502	18,502	0
Expenditures:				
Current:				
Instruction:				
Regular	7,064	10,242	10,242	0
Support Services:				
Instructional Staff	5,228	7,000	5,839	1,161
Community Services	4,128	5,778	5,667	111
Total Expenditures	16,420	23,020	21,748	1,272
Net Change in Fund Balance	8,980	(4,518)	(3,246)	1,272
Fund Balance Beginning of Year	3,186	3,186	3,186	0
Prior year encumbrances appropriated	1,420	1,420	1,420	0
Fund Balance End of Year	\$13,586	\$88	\$1,360	\$1,272

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Hurricane Katrina Relief Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$0	\$9,000	\$9,000	\$0
Total Revenues	0	9,000	9,000	\$0
Expenditures:				
Current:				
Instruction:				
Other	0	9,000	9,000	0
Total Expenditures	0	9,000	9,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	0	0	0	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$1,468,122	\$1,730,885	\$1,606,379	(\$124,506)
Intergovernmental	183,501	198,302	184,038	(14,264)
Other Revenues	0	17,201,842	15,964,485	(1,237,357)
Total Revenues	1,651,623	19,131,029	17,754,902	(1,376,127)
Expenditures:				
Current:				
Support Services:				
Fiscal	23,048	231,992	231,866	126
Debt Service:				
Principal Retirement	1,587,420	15,978,707	15,970,000	8,707
Interest	149,277	1,502,601	1,501,782	819
Total Expenditures	1,759,745	17,713,300	17,703,648	9,652
Net Change in Fund Balance	(108,122)	1,417,729	51,254	(1,366,475)
Fund Balance Beginning of Year	1,061,918	1,061,918	1,061,918	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$953,796	\$2,479,647	\$1,113,172	(\$1,366,475)

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Permanent Improvement Capital Projects Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Revenues	\$1,400	\$17,561	\$20,321	\$2,760
Total Revenues	1,400	17,561	20,321	2,760
Expenditures:				
Current:				
Support Services:				
Fiscal	200,000	0	0	0
Total Expenditures	200,000	0	0	0
Net Change in Fund Balance	(198,600)	17,561	20,321	2,760
Fund Balance Beginning of Year	2,407,495	2,407,495	2,407,495	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$2,208,895	\$2,425,056	\$2,427,816	\$2,760

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Ohio SchoolNet Capital Projects Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$42,000	\$42,000	\$42,000	\$0
Total Revenues	42,000	42,000	42,000	0
Expenditures:				
Current:				
Instruction:				
Regular	33,525	33,525	33,525	0
Support Services:				
Operations and Maintenance	8,940	8,940	8,940	0
Total Expenditures	42,465	42,465	42,465	0
Net Change in Fund Balance	(465)	(465)	(465)	0
Fund Balance Beginning of Year	465	465	465	0
Prior year encumbrances appropriated	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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STATISTICAL TABLES

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

Northwest Local School District
 Net Assets by Component
 Last Five Fiscal Years (1)
 (Accrual Basis of Accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$3,063,084	\$3,896,572	\$4,263,966	\$4,540,207	\$4,468,058
Restricted	4,911,775	4,984,928	4,996,925	3,208,243	3,148,603
Unrestricted	17,619,488	17,057,579	13,113,564	17,774,623	13,257,397
Total Net Assets	<u>\$25,594,347</u>	<u>\$25,939,079</u>	<u>\$22,374,455</u>	<u>\$25,523,073</u>	<u>\$20,874,058</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2002

Northwest Local School District
 Changes in Net Assets of Governmental Activities
 Last Five Fiscal Years (1)
 (Accrual Basis of Accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
Expenses					
Governmental Activities:					
Instruction	\$48,903,070	\$50,233,149	\$48,139,681	\$45,411,314	\$43,961,196
Pupil	4,740,911	4,370,329	4,300,406	4,311,310	4,087,427
Instructional staff	5,770,458	5,941,773	5,885,152	5,003,623	4,703,188
General Administration	241,656	161,901	91,142	120,895	87,785
School Administration	5,446,475	5,640,900	5,356,327	5,146,738	5,090,831
Business and Fiscal	2,183,210	2,145,908	2,104,406	1,938,141	1,844,207
Operation and Maintenance	8,272,465	7,817,898	7,559,219	8,245,783	8,058,321
Pupil Transportation	4,589,238	4,391,526	4,330,044	4,088,325	3,567,960
Central	1,211,509	1,493,134	1,421,910	1,371,668	1,342,996
Community Services	2,734,511	2,954,975	2,692,405	2,924,980	2,679,136
Operation of Non-Instructional Services	3,800,692	3,902,227	3,222,318	0	0
Extracurricular Activities	1,821,170	1,766,543	1,662,910	1,664,320	1,405,292
Interest and Fiscal Charges	1,529,534	1,166,792	1,190,385	1,211,360	1,228,722
Total Government Expenses	91,244,899	91,987,055	87,956,305	81,438,457	78,057,061
Program Revenues					
Governmental Activities:					
Charges for Services	4,202,987	4,508,855	4,273,356	2,343,247	1,908,466
Operating Grants and Contributions	7,998,891	8,299,035	7,540,130	5,655,375	5,094,519
Capital Grants and Contributions	269,047	186,207	2,050,671	574,646	360,516
Total Government Revenues	12,470,925	12,994,097	13,864,157	8,573,268	7,363,501
Net (Expense)/Revenue					
Total Government Net Expense	<u>(\$78,773,974)</u>	<u>(\$78,992,958)</u>	<u>(\$74,092,148)</u>	<u>(\$72,865,189)</u>	<u>(\$70,693,560)</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2002

Northwest Local School District
 General Revenues and Total Change in Net Assets,
 Last Five Fiscal Years (1)
 (Accrual Basis of Accounting)

	Fiscal Year		
	2006	2005	2004
Net (Expense)/Revenue			
Total Government Net Expense	(\$78,773,974)	(\$78,992,958)	(\$74,092,148)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Property Taxes			
Property Taxes Levied for General Purposes	39,092,855	43,786,003	33,876,124
Property Taxes Levied for Debt Service Purposes	1,678,204	1,679,221	1,293,327
Payment in Lieu of Taxes	2,170,537	1,944,008	1,442,401
Grants and Entitlements Not Restricted to Specific Programs	33,929,107	34,233,076	33,634,399
Investment Earnings	957,958	492,314	246,045
Other Revenues	600,580	422,959	367,379
Total Governmental Activities	<u>78,429,241</u>	<u>82,557,581</u>	<u>70,859,675</u>
Change in Net Assets			
Total Government	<u>(\$344,733)</u>	<u>\$3,564,623</u>	<u>(\$3,232,473)</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2002

Fiscal Year	
2003	2002
(\$72,865,189)	(\$70,693,560)
40,665,767	37,617,518
1,608,343	1,580,267
1,436,898	940,478
32,216,453	30,986,081
383,001	627,818
323,898	418,842
<u>76,634,360</u>	<u>72,171,004</u>
<u><u>\$3,769,171</u></u>	<u><u>\$1,477,444</u></u>

Northwest Local School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2005	2004	2003
General Fund				
Reserved	\$14,850,178	\$15,297,234	\$9,941,691	\$13,298,462
Unreserved	4,431,337	3,708,325	5,946,886	7,338,820
Total General Fund Balance	<u>19,281,515</u>	<u>19,005,559</u>	<u>15,888,577</u>	<u>20,637,282</u>
All other Governmental Funds				
Reserved	795,705	927,231	595,769	763,003
Unreserved, Reported In:				
Capital Project Funds	2,427,816	2,407,961	2,408,668	863,550
Debt Service Funds	1,113,172	1,070,092	1,139,524	1,207,995
Special Revenue Funds	550,025	748,393	819,862	199,211
Total All Other Governmental Funds Balance	<u>\$4,886,718</u>	<u>\$5,153,677</u>	<u>\$4,963,823</u>	<u>\$3,033,759</u>

Source: District Records

Fiscal Year					
2002	2001	2000	1999	1998	1997
\$10,888,628	\$9,670,173	\$14,260,910	\$13,870,436	\$10,932,973	\$9,532,759
5,697,028	6,263,942	1,790,612	(163,426)	(2,105,574)	(701,703)
<u>16,585,656</u>	<u>15,934,115</u>	<u>16,051,522</u>	<u>13,707,010</u>	<u>8,827,399</u>	<u>8,831,056</u>
510,528	1,864,100	1,810,364	8,881,874	2,971,819	125,479
658,294	647,112	443,745	1,844,210	23,751,643	1,531,753
1,207,501	0	0	0	0	0
706,479	913,208	758,848	1,088,043	905,516	625,061
<u>\$3,082,802</u>	<u>\$3,424,420</u>	<u>\$3,012,957</u>	<u>\$11,814,127</u>	<u>\$27,628,978</u>	<u>\$2,282,293</u>

Northwest Local School District
 Governmental Funds Revenues,
 Last Ten Fiscal Years (1)
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2005	2004	2003
Revenues:				
Taxes	\$40,771,058	\$45,465,224	\$35,169,451	\$42,274,109
Revenue in Lieu of Taxes	1,905,623	1,803,022	1,335,357	1,136,800
Tuition and Fees	1,827,893	1,375,608	1,307,283	828,575
Investment Earnings	957,958	492,314	273,267	355,779
Intergovernmental	42,042,886	42,692,681	40,999,928	37,943,077
Extracurricular Activities	455,337	555,091	463,235	511,575
Charges for Services	2,052,682	2,420,753	2,104,495	0
Other revenues	599,580	611,587	2,986,745	1,703,732
Total Revenues	<u>\$90,613,017</u>	<u>\$95,416,280</u>	<u>\$84,639,761</u>	<u>\$84,753,647</u>

Source: District Records

(1) - The increase in taxes revenue between fiscal year 1998 and 1999
 was the result of a 5.56 mill tax levy

Fiscal Year					
2002	2001	2000	1999	1998	1997
\$39,197,785	\$36,101,477	\$36,559,109	\$39,719,610	\$32,970,485	\$27,680,535
837,851	747,826	414,737	0	0	0
1,004,932	652,988	821,371	464,028	283,451	487,996
627,818	1,318,478	1,178,279	1,954,545	1,724,492	757,072
36,222,194	34,093,579	30,497,919	27,351,361	25,006,567	23,794,877
535,428	0	0	0	0	0
0	0	0	0	0	0
796,640	1,686,162	1,214,893	1,117,385	1,993,280	1,175,166
<u>\$79,222,648</u>	<u>\$74,600,510</u>	<u>\$70,686,308</u>	<u>\$70,606,929</u>	<u>\$61,978,275</u>	<u>\$53,895,646</u>

Northwest Local School District
 Governmental Funds Expenditures and Debt Service Ratio,
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2005	2004	2003
Regular Instruction	\$36,497,362	\$39,016,390	\$37,126,537	\$34,955,007
Special Instruction	8,492,867	8,397,974	8,108,657	7,727,438
Vocational Instruction	2,040,934	2,230,197	2,129,193	2,027,710
Student Intervention	978,251	0	0	0
Other Instruction	0	0	0	0
Pupil	4,753,090	4,370,923	4,330,800	4,331,777
Instructional Staff	5,775,348	5,993,431	5,832,190	5,017,149
General Administration	241,656	161,901	91,142	120,895
School Administration	5,411,896	5,397,018	5,334,870	5,077,151
Fiscal	1,518,660	1,482,270	1,492,837	1,340,797
Business	694,082	581,747	571,206	559,547
Operations and Maintenance	8,274,328	7,711,002	7,463,816	8,208,547
Pupil Transportation	4,444,862	4,337,422	4,159,436	4,170,750
Central	1,253,835	1,505,082	1,439,811	1,344,141
Community Services	2,852,204	3,028,766	2,662,037	2,918,707
Operation of Non-Instructional Services	3,821,406	3,912,642	3,159,775	0
Extracurricular Activities	1,815,078	1,758,583	1,651,922	1,666,064
Capital Outlay	0	0	374,000	0
Debt Service	1,739,162	1,709,645	1,687,059	1,662,152
Total Expenditures	\$90,605,021	\$91,594,993	\$87,615,288	\$81,127,832
Debt Service as a Percentage of Noncapital Expenditures	2.11%	2.04%	2.11%	2.28%

Source: District Records

Fiscal Year					
2002	2001	2000	1999	1998	1997
\$35,086,670	\$32,685,100	\$30,957,086	\$30,275,240	\$28,819,957	\$25,570,521
7,210,804	8,305,753	7,392,178	6,535,155	5,285,798	4,571,937
2,078,525	2,097,982	2,017,242	1,921,244	2,053,599	2,097,610
0	0	0	0	0	0
0	0	0	10,023	4,844	5,841
4,123,963	2,670,062	2,428,715	2,381,066	2,189,674	1,968,092
4,656,513	3,391,576	3,318,935	3,064,840	2,764,150	2,597,797
87,785	72,804	68,186	64,511	62,657	68,728
5,153,713	4,736,223	4,364,701	4,063,674	3,853,771	3,550,899
1,292,652	1,177,830	1,066,891	1,022,803	924,884	801,460
596,498	476,836	469,860	435,586	417,343	406,335
7,880,719	8,036,025	6,857,802	6,490,875	6,229,779	5,961,436
3,916,466	3,354,332	3,103,146	4,153,544	2,883,791	2,874,684
1,337,439	1,169,269	993,807	952,543	691,597	639,431
2,667,631	2,627,534	2,463,385	1,847,154	1,920,146	1,912,082
0	0	0	0	0	0
1,372,204	1,456,054	1,348,793	1,256,647	1,160,514	937,237
4,120	445,114	8,342,043	15,450,461	792,413	228,030
1,640,133	1,621,213	1,662,558	1,665,793	1,149,186	439,424
<u>\$79,105,835</u>	<u>\$74,323,707</u>	<u>\$76,855,328</u>	<u>\$81,591,159</u>	<u>\$61,204,103</u>	<u>\$54,631,544</u>
2.30%	2.46%	2.70%	2.79%	2.12%	0.91%

Northwest Local School District
 Other Financing Sources and Uses and Net Change in Fund Balances,
 Governmental Funds,
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2005	2004	2003
Other Financing Sources (Uses)				
Proceeds of Long Term Debt	\$0	\$0	\$0	\$0
Proceeds of Refunding Bonds	15,380,000	0	0	0
Payment to Refunded Bonds Escrow Agent	(15,964,485)	0	0	0
Refunding Bond Premium	584,485	0	0	0
Sale of Capital Assets	1,001	58,402	36,530	27,340
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Miscellaneous Non-Operating (Expenditures)	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$1,001</u>	<u>\$58,402</u>	<u>\$36,530</u>	<u>\$27,340</u>
Net Change in Fund Balances	<u>\$8,997</u>	<u>\$3,879,689</u>	<u>(\$2,938,997)</u>	<u>\$3,653,155</u>

Source: District Records

Fiscal Year					
2002	2001	2000	1999	1998	1997
\$0	\$0	\$0	\$0	\$25,000,000	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
23,666	17,253	35,691	48,990	133,438	50,088
0	0	0	285,111	285,111	290,463
0	0	0	(285,111)	(285,111)	(290,463)
0	0	0	0	0	(2,170)
<u>\$23,666</u>	<u>\$17,253</u>	<u>\$35,691</u>	<u>\$48,990</u>	<u>\$25,133,438</u>	<u>\$47,918</u>
<u>\$140,479</u>	<u>\$294,056</u>	<u>(\$6,133,329)</u>	<u>(\$10,935,240)</u>	<u>\$25,907,610</u>	<u>(\$687,980)</u>

Northwest Local School District
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Actual Value			Less: Exemptions	Total Taxable Value
	Real Property	Personal Property	Public Utilities		
2006	\$4,755,087,934	\$235,144,620	\$84,147,444	\$165,946,020	\$4,908,433,978
2005	4,066,951,383	328,013,160	88,940,556	142,588,040	4,341,317,059
2004	4,028,512,237	321,880,200	84,525,638	134,826,180	4,300,091,895
2003	3,979,143,911	371,467,640	79,628,146	122,907,540	4,307,332,157
2002	3,641,606,891	389,319,920	76,455,400	107,289,320	4,000,092,891
2001	3,562,862,619	360,982,840	62,321,057	110,713,390	3,875,453,126
2000	3,538,369,820	380,222,200	67,506,818	86,609,820	3,899,489,018
1999	2,936,037,303	366,885,320	65,361,682	84,045,760	3,284,238,545
1998	2,879,152,007	373,245,960	64,749,432	79,557,950	3,237,589,449
1997	2,822,325,670	360,655,000	67,697,659	89,126,270	3,161,552,059

Source: Hamilton County Auditor

<u>Total Assessed Value</u>	<u>Total Direct Rate</u>
\$1,702,852,175	34.69%
1,495,553,710	34.45%
1,482,987,220	34.49%
1,481,846,130	34.40%
1,372,071,870	34.30%
1,353,340,470	34.92%
1,362,577,550	34.94%
1,147,436,650	34.94%
1,130,148,910	34.91%
1,106,357,480	34.99%

Northwest Local School District
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years

Fiscal Year	District Direct Rates				Overlapping Rates			
	General Purpose	Debt	Capital Purpose	Total	Hamilton County	City of Fairfield	City of Forest Park	City of North College Hill
2006	48.54	1.10	0.00	49.64	20.81	5.94	11.08	6.68
2005	48.54	1.10	0.00	49.64	21.06	5.94	11.08	6.68
2004	48.54	1.10	0.00	49.64	21.51	5.94	11.08	6.68
2003	48.54	1.10	0.00	49.64	21.87	5.94	11.08	6.68
2002	48.54	1.26	0.00	49.80	21.47	5.94	11.08	6.68
2001	48.54	1.26	0.00	49.80	19.92	5.94	6.33	6.68
2000	48.54	1.59	0.00	50.13	20.83	4.54	6.33	6.68
1999	48.54	1.64	0.00	50.18	19.54	4.54	6.33	6.68
1998	42.98	0.00	0.00	42.98	19.01	4.54	6.33	6.68
1997	42.98	0.00	0.00	42.98	19.44	4.54	6.33	6.68

Source: Hamilton County Auditor

Overlapping Rates

<u>Colerain Township</u>	<u>Green Township</u>	<u>Springfield Township</u>
16.18	9.81	20.30
16.18	8.31	20.30
16.18	8.31	20.30
16.18	8.31	20.30
15.18	8.31	20.30
15.18	8.81	14.30
10.84	8.81	14.30
12.34	8.81	14.30
12.34	8.81	14.30
12.34	8.81	13.30

Northwest Local School District
Principal Property Tax Payers,
Current Year and Eight Years Ago

Taxpayer	2006	
	Tangible Personal & Real Property	Percentage of Total Assessed Value
Northgate Partners LLC	\$36,238,910	2.13%
Cincinnati Gas and Electric Company	28,805,050	1.69%
Procter and Gamble Company	16,811,850	0.99%
Rumpke Consolidated	13,619,400	0.80%
KIR Colerain LLC	9,634,760	0.57%
Cincinnati Bell	6,489,920	0.38%
Cincinnati Mills	6,076,140	0.36%
Prospect Square Associates LLC	4,725,010	0.28%
Cobblewood Plaza	4,469,890	0.26%
Timberlake Family Ltd.	4,020,180	0.24%
	<u>\$130,891,110</u>	<u>7.69%</u>
All Others:	<u>\$1,571,961,065</u>	<u>92.31%</u>
Total:	<u><u>\$1,702,852,175</u></u>	<u><u>100.00%</u></u>

Taxpayer	1998	
	Tangible Personal & Real Property	Percentage of Total Taxable Value
Cincinnati Gas and Electric Company	\$42,419,400	3.75%
Procter & Gamble	22,778,510	2.02%
Cincinnati Bell	29,980,690	2.65%
Northgate Mall	19,298,200	1.71%
B & J Development	8,349,470	0.74%
Rumpke Container Service	9,661,820	0.85%
Mercantile Stores	4,548,120	0.40%
Gator Forest Partnership	4,244,700	0.38%
Colerain Hill Investment	4,165,280	0.37%
Ashley Woods LLC	3,148,090	0.28%
	<u>\$148,594,280</u>	<u>13.15%</u>
All Others:	<u>\$981,554,630</u>	<u>86.85%</u>
Total:	<u><u>\$1,130,148,910</u></u>	<u><u>100.00%</u></u>

Source: Hamilton County Auditor

Northwest Local School District
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Delq. Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2006	48,316,703	\$43,666,368	90.38%	\$1,417,741	\$45,084,109	93.31%
2005	46,620,060	42,736,887	91.67%	1,335,766	44,072,653	94.54%
2004	46,310,668	42,402,725	91.56%	1,351,030	43,753,755	94.48%
2003	46,220,339	42,179,489	91.26%	1,074,522	43,254,011	93.58%
2002	45,657,507	41,684,515	91.30%	1,499,105	43,183,620	94.58%
2001	44,701,487	41,940,289	93.82%	977,718	42,918,007	96.01%
2000	44,397,128	40,796,464	91.89%	1,058,792	41,855,256	94.27%
1999	41,344,648	39,490,148	95.51%	952,897	40,443,045	97.82%
1998	35,218,006	34,456,186	97.84%	936,117	35,392,303	100.49%
1997	31,182,318	30,038,073	96.33%	863,955	30,902,028	99.10%

Source: Hamilton County Auditor

- (1) - Taxes levied and collected are presented on a cash basis
- (2) - State reimbursements of rollback and homestead exemptions are included

Northwest Local School District
 Outstanding Debt by Type,
 Last Nine Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Long-Term Capital Notes	Capital Leases	Tax Anticipation Notes			
2006	\$21,715,000	\$0	\$0	\$0	\$21,715,000	Not Available	\$253
2005	22,305,000	0	0	0	22,305,000	Not Available	260
2004	22,845,000	0	0	0	22,845,000	1.26%	266
2003	23,340,000	0	0	0	23,340,000	1.38%	272
2002	23,790,000	0	0	0	23,790,000	1.49%	277
2001	24,200,000	0	0	0	24,200,000	1.46%	282
2000	24,575,000	0	0	0	24,575,000	1.45%	286
1999	24,910,000	0	0	0	24,910,000	1.56%	370
1998	25,000,000	0	0	0	25,000,000	1.63%	371

Source: District Records

Northwest Local School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
City of Fairfield	\$28,250,000	0.01%	\$2,825
City of Forest Park	5,710,000	12.48%	712,608
City of North College Hill	715,216	1.14%	8,153
Colerain Township	9,490,000	93.30%	8,854,170
Green Township	4,168,334	27.75%	1,156,713
Fairfield Township	9,500,000	0.54%	51,300
Springfield Township	14,290,000	11.85%	1,693,365
Butler County	72,805,000	0.02%	14,561
Hamilton County	<u>111,605,000</u>	7.93%	<u>8,850,277</u>
Subtotal, Overlapping Debt	<u>256,533,550</u>		<u>21,343,972</u>
District Direct Debt	<u>21,715,000</u>	100.00%	<u>21,715,000</u>
Total Direct and Overlapping Debt	<u><u>\$278,248,550</u></u>		<u><u>\$43,058,972</u></u>

Source: Ohio Municipal Advisory Council

Northwest Local School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

	Fiscal Year			
	2006	2005	2004	2003
Debt Limit	\$153,256,696	\$134,599,834	\$133,468,850	\$133,366,152
Total Net Debt Applicable to Limit	19,946,828	20,659,908	21,341,576	21,602,805
Legal Debt Margin	<u>\$133,309,868</u>	<u>\$113,939,926</u>	<u>\$112,127,274</u>	<u>\$111,763,347</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.02%	15.35%	15.99%	16.20%

Source: District Records

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$1,702,852,175
Debt limit (9% of assessed value)	153,256,696
Debt applicable to limit	<u>21,715,000</u>
Legal debt margin	<u><u>\$133,309,868</u></u>

Fiscal Year					
<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$123,486,468	\$121,800,642	\$122,631,980	\$103,269,299	\$101,713,402	\$99,572,173
<u>22,161,099</u>	<u>22,682,610</u>	<u>23,145,446</u>	<u>23,839,463</u>	<u>24,446,882</u>	<u>(38,134)</u>
<u><u>\$101,325,369</u></u>	<u><u>\$99,118,032</u></u>	<u><u>\$99,486,534</u></u>	<u><u>\$79,429,836</u></u>	<u><u>\$77,266,520</u></u>	<u><u>\$99,610,307</u></u>
17.95%	18.62%	18.87%	23.08%	24.04%	-0.04%

Northwest Local School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Thousands of Dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2006	85,875	Not Available	Not Available	5.40%
2005	85,875	Not Available	Not Available	6.10%
2004	85,875	\$1,811,853	\$47,935	5.10%
2003	85,875	1,695,266	45,146	5.30%
2002	85,875	1,599,331	45,132	7.20%
2001	85,875	1,653,302	45,751	3.90%
2000	85,875	1,695,608	46,551	3.10%
1999	67,373	1,594,584	44,357	3.20%
1998	67,373	1,535,829	42,625	3.20%
1997	67,373	1,368,280	39,350	3.20%

- Sources: (1) - 1990 and 2000 Census data. Department of Economic Development and Planning.
 Population for interim years was not available
 (2) - Ohio Department of Taxation.
 (3) - Ohio Department of Taxation.
 (4) - Greater Cincinnati Chamber of Commerce. Unemployment rate for Cincinnati Metropolitan area.

Northwest Local School District
 Principal Employers,
 Current Year (1)

Employers	2006	
	Employees	Percentage of Total County Employment
Northwest Local School District	1,310	0.32%
Northgate Mall	1,125	0.27%
Procter and Gamble Company	1,100	0.27%
Rumpke Container Service	915	0.22%
Mills Forest Fair	868	0.21%
Kroger	424	0.10%
Walmart	305	0.07%
Clippard Instrument Lab Incorporated	237	0.06%
Thriftway	152	0.04%
United States Postal Office	113	0.03%
	<u>6,549</u>	<u>1.58%</u>
Total County Employment	413,800	

Source: Hamilton County Chamber of Commerce

(1) - Only current fiscal year information available

Northwest Local School District
 Full-Time Equivalent District Employees by Type
 Last Three Fiscal Years

	Fiscal Year		
	2006	2005	2004
Supervisory			
Instructional administrators	11	9	9
Noninstructional administrators	6	5	4
Consultant/supervisors of instruction	9	15	13
Principals	14	14	14
Assistant Principals	11	12	13
Total Supervisory	<u>51</u>	<u>55</u>	<u>53</u>
Instruction			
Elementary classroom teachers	242	275	235
Secondary classroom teachers	393	369	395
ESE teachers	31	29	27
Other teachers (adult)	0	0	0
Other professionals (instructional)	0	0	0
Aides	50	54	53
Total Instruction	<u>716</u>	<u>727</u>	<u>710</u>
Student Services			
Guidance counselors	17	19	19
Visiting teachers/social workers	0	0	0
Psychologists	1	1	0
Librarians	4	6	5
Other professionals (noninstructional)	12	26	11
Technicians	68	68	36
Total student services	<u>102</u>	<u>120</u>	<u>71</u>
Support and Administration			
Clerical/secretarial	75	77	79
Service workers	220	221	220
Skilled crafts	18	18	18
Unskilled laborers	88	87	89
Total support and administration	<u>401</u>	<u>403</u>	<u>406</u>
Total	<u>1,270</u>	<u>1,305</u>	<u>1,240</u>

Source: Northwest Local School District personnel records

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Northwest Local School District
 Operating Statistics
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditure</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses</u>	<u>Cost Per Pupil</u>
2006	10,332	\$88,865,859	\$8,601	1.06%	\$91,244,899	\$8,831
2005	10,561	\$89,885,348	8,511	5.92%	91,987,055	8,710
2004	10,647	85,554,229	8,036	7.65%	87,956,305	8,261
2003	10,646	79,465,680	7,464	1.22%	81,438,457	7,650
2002	10,504	77,461,582	7,374	7.26%	78,057,061	7,431
2001	10,510	72,257,380	6,875	7.62%	N/A	N/A
2000	10,465	66,850,727	6,388	3.50%	N/A	N/A
1999	10,446	64,474,905	6,172	9.23%	N/A	N/A
1998	10,488	59,262,504	5,651	10.40%	N/A	N/A
1997	10,544	53,964,090	5,118	N/A	N/A	N/A

Source: Northwest Local School District non-financial records.

Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1.39%	665	15.54	29.36%
5.43%	690	15.31	27.86%
7.99%	673	15.82	24.09%
2.94%	665	16.01	23.30%
N/A	678	15.49	21.53%
N/A	670	15.69	21.61%
N/A	642	16.30	19.55%
N/A	627	16.66	19.74%
N/A	611	17.17	21.87%
N/A	583	18.09	20.98%

Northwest Local School District
 School Building Information
 Last Ten Fiscal Years
 (Continued)

School	Fiscal Year				
	2006	2005	2004	2003	2002
Elementary Schools					
Colerain Elementary - 1923					
Square feet	84,934	84,934	84,934	84,934	84,934
Capacity	850	850	850	850	850
Enrollment	667	695	689	699	702
Bevis Elementary - 1970					
Square feet	48,640	48,640	48,640	48,640	48,640
Capacity	600	600	600	600	600
Enrollment	489	486	496	506	536
Houston Elementary - 1966					
Square feet	62,826	62,826	62,826	62,826	62,826
Capacity	600	600	600	600	600
Enrollment	422	475	479	495	509
Monfort Heights Elementary - 2000					
Square feet	76,787	76,787	76,787	76,787	76,787
Capacity	700	700	700	700	700
Enrollment	717	728	791	751	671
Pleasant Run Elementary - 1961					
Square feet	54,751	54,751	54,751	54,751	54,751
Capacity	575	575	575	575	575
Enrollment	500	509	522	556	537
Struble Elementary - 1959					
Square feet	45,000	45,000	45,000	45,000	45,000
Capacity	376	376	376	376	376
Enrollment	404	376	377	350	394
Taylor Elementary - 1960					
Square feet	56,262	56,262	56,262	56,262	56,262
Capacity	525	525	525	525	525
Enrollment	470	500	527	540	526
Weigel Elementary - 1965					
Square feet	55,057	55,057	55,057	55,057	55,057
Capacity	500	500	500	500	500
Enrollment	498	505	480	468	492
Welch Elementary - 1977					
Square feet	46,800	46,800	46,800	46,800	46,800
Capacity	425	425	425	425	425
Enrollment	372	349	357	367	345

Source: Northwest Local School District non-financial records.

Fiscal Year				
2001	2000	1999	1998	1997
84,934	84,934	84,934	84,934	84,934
850	850	850	850	850
706	725	757	759	800
48,640	48,640	48,640	48,640	48,640
600	600	600	600	600
533	548	560	560	556
62,826	62,826	62,826	62,826	62,826
600	600	600	600	600
517	530	593	598	605
76,787	76,787	76,787	76,787	76,787
700	700	700	700	700
670	706	648	648	658
54,751	54,751	54,751	54,751	54,751
575	575	575	575	575
540	551	570	570	578
45,000	45,000	45,000	45,000	45,000
376	376	376	376	376
400	435	427	427	408
56,262	56,262	56,262	56,262	56,262
525	525	525	525	525
431	426	453	453	500
55,057	55,057	55,057	55,057	55,057
500	500	500	500	500
478	494	504	504	483
46,800	46,800	46,800	46,800	46,800
425	425	425	425	425
356	371	392	397	370

Northwest Local School District
 School Building Information
 Last Ten Fiscal Years
 (Concluded)

	Fiscal Year				
	2006	2005	2004	2003	2002
Middle Schools					
Colerain Middle - 1932					
Square feet	77,591	77,591	77,591	77,591	77,591
Capacity	675	675	675	675	675
Enrollment	719	730	718	725	716
Pleasant Run Middle - 1969					
Square feet	108,230	108,230	108,230	108,230	108,230
Capacity	1,100	1,100	1,100	1,100	1,100
Enrollment	880	923	993	1,009	1,002
White Oak Middle - 1961					
Square feet	81,950	81,950	81,950	81,950	81,950
Capacity	735	735	735	735	735
Enrollment	766	782	807	846	817
High Schools					
Colerain High - 1964					
Square feet	193,768	193,768	193,768	193,768	193,768
Capacity	2,100	2,100	2,100	2,100	2,100
Enrollment	2,215	2,277	2,176	2,058	1,965
Northwest High - 1972					
Square feet	163,345	163,345	163,345	163,345	163,345
Capacity	1,250	1,250	1,250	1,250	1,250
Enrollment	1,213	1,226	1,235	1,276	1,292

Fiscal Year				
2001	2000	1999	1998	1997
77,591	77,591	77,591	77,591	77,591
675	675	675	675	675
721	681	672	682	690
108,230	108,230	108,230	108,230	108,230
1,100	1,100	1,100	1,100	1,100
1,008	1,027	1,028	1,038	1,047
81,950	81,950	81,950	81,950	81,950
735	735	735	735	735
819	778	701	706	726
193,768	193,768	193,768	193,768	193,768
2,100	2,100	2,100	2,100	2,100
2,021	1,927	1,911	1,916	1,914
163,345	163,345	163,345	163,345	163,345
1,250	1,250	1,250	1,250	1,250
1,310	1,266	1,230	1,230	1,209

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NORTHWEST LOCAL 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
JANUARY 16, 2007**