

Piqua City School District

Miami County

Single Audit

July 1, 2005 through June 30, 2006

Fiscal Year Audited Under GAGAS: 2006

BALESTRA, HARR & SCHERER CPAs, INC.

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Mary Taylor, CPA
Auditor of State

Board of Education
Piqua City School District
719 East Ash Street
Piqua, Ohio 45356

We have reviewed the *Independent Auditor's Report* of the Piqua City School District, Miami County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 8, 2007

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Piqua City School District
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Piqua City School District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2006

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
School Breakfast Program	05-PU	10.553	\$202,074	\$0	\$202,074	\$0
National School Lunch Program	LL-P1	10.555	1,607	0	1,607	0
	LL-P4		558,399	0	558,399	0
Total Nutrition Cluster			762,080	0	762,080	0
Food Donation Program	N/A	10.550	0	140,951	0	140,951
Total U.S. Department of Agriculture			762,080	140,951	762,080	140,951
U.S. Department of Education						
<i>Passed through the Ohio Department of Education</i>						
Title I Grants to Local Education Agencies	C1-S1	84.010	495,994	0	937,719	0
Special Education Grants to States	6B-SF	84.027	778,976	0	931,618	0
Safe and Drug-Free Schools and Communities State Grants	DR-S1	84.186	7,537	0	12,561	0
State Grants for Innovative Programs	C2-S1	84.298	12,188	0	18,462	0
Education Technology State Grants	TJ-S1	84.318	3,308	0	13,353	0
Improving Teacher Quality State Grants	TR-S1	84.367	118,859	0	251,335	0
Total U.S. Department of Education			1,416,862	0	2,165,048	0
U.S. Department of Health and Human Services						
<i>Passed through the Montgomery County Educational Service Center</i>						
Medical Assistance Program	N/A	93.778	5,876	0	5,876	0
<i>Passed through the Ohio Department of Job and Family Services</i>						
State Children's Insurance Program	N/A	93.767	6,502	0	6,502	0
Medical Assistance Program	N/A	93.778	65,294	0	65,294	0
Total U.S. Department of Health and Human Services			77,672	0	77,672	0
Total Federal Assistance			\$2,256,614	\$140,951	\$3,004,800	\$140,951

N/A - pass through entity number not available.

See accompanying notes to the schedule of federal awards expenditures.

Piqua City School District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2006

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal funds received from the National School Lunch and Breakfast Programs were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.

NOTE C – FOOD DISTRIBUTION PROGRAM

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

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

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-federal funds (matching funds) to support the Federally-funded programs. The expenditures of non-federal matching funds are not included on the Schedule.

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Member American Institute of Certified Public Accountants

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Piqua City School District
Miami County
719 East Ash Street
Piqua, Ohio 45356

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Piqua City School District (the District), Miami County, 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, and have issued our report thereon dated December 13, 2006, in which we indicated the District implemented GASB Statements No. 44 and 46. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

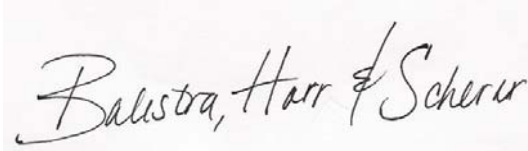
Compliance and Other Matters

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

We noted certain matters which we reported to management of the District in a separate letter dated December 13, 2006.

Piqua City School District
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Balestra, Harr & Scherer". The signature is written in a cursive, flowing style.

Balestra, Harr & Scherer, CPAs, Inc.

December 13, 2006

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Piqua City School District
Miami County
719 East Ash Street
Piqua, Ohio 45356

Compliance

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

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

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

Internal Control Over Compliance

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

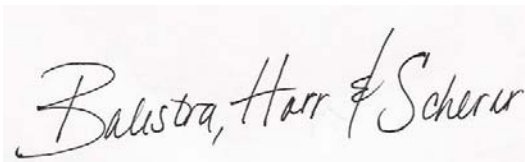
Internal Control Over Compliance (Continued)

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 detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each 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 13, 2006, in which we indicated the District implemented GASB Statements No. 44 and 46. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 13, 2006

Piqua City School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
June 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Program(s) (list):	Title I Grant to Local Education Agencies, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Program	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Piqua City School District
Schedule of Prior Audit Findings and Questioned Costs
OMB Circular A-133 Section .315(b)
June 30, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-1	Ohio Revised Code Section 5705.41(B) Citation: Expenditures in Excess of Appropriations	Yes	

PIQUA CITY SCHOOL DISTRICT

Miami County, Ohio



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



PIQUA CITY SCHOOL DISTRICT

Miami County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2006**

Prepared by:
Jeffrey W. Price
Treasurer



PIQUA CITY SCHOOL DISTRICT

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PIQUA CITY SCHOOL DISTRICT

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December 13, 2006

Board of Education Members and Citizens of the Piqua City School District:

As the Superintendent and Treasurer of the Piqua City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2006 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Piqua City School District's MD&A can be found immediately following the report of the independent accountants.

The CAFR is presented in three sections as follows:

The Introductory Section includes this transmittal letter, an organization chart of the District, a list of the members of the Board of Education and management team, and the GFOA Certificate of Achievement.

The Financial Section includes the auditor's report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the District's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

The District provides a full range of education programs and services to 3,792 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

PIQUA CITY SCHOOL DISTRICT

***Letter of Transmittal
For the Fiscal Year Ended June 30, 2006***

THE DISTRICT AND ITS FACILITIES

The District serves an area of approximately 55 square miles in and around the City of Piqua. It is located in Miami County in the Southwestern part of the state, comprised of the City of Piqua, Washington Township and Springcreek Township, and is residential, agricultural and industrial. It has a diversified industrial base with over 90 industries and 1,000,000 square feet of commercial space. The City of Piqua is a community of 21,000 people, 45 churches and 200 businesses and manufacturers. It is located on Interstate 75, 50 miles south of Lima, Ohio and 20 miles north of Dayton, Ohio, near the intersection of Interstate 75 and Interstate 70, a significant road intersection in the Midwestern part of the United States.

The District's facilities include 1 kindergarten center, 3 primary schools (grades 1 through 3), 3 intermediate schools (grades 4 through 6), 1 junior high school (grades 7 through 8), one high school (grades 9 through 12), a bus garage, the administrative building and several athletic complexes.

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

Good schools are important to the quality of life in Piqua and also to maintaining property values. But beyond these considerations, the educational program itself is of primary importance.

It is, therefore, appropriate to review briefly some quality indicators because they are the foundation on which our programs are built.

CURRICULUM DEVELOPMENT -- The Piqua City School District provides a comprehensive K-12 program; intervention, assessment and special needs programming. The curriculum supports the Ohio Academic Content Standards and provides interesting and appealing instruction. The district is moving from a traditional curriculum review cycle of five years to a continuous review process called curriculum mapping.

INSTRUCTION MATERIALS -- Piqua City School District instructional materials are selected on a five-year replacement. Materials include print, manipulatives and computer software that provide learning activities for students.

STAFF DEVELOPMENT -- Locally provided staff development is an extremely important part of professional renewal in Piqua Schools. The In-service Committee assesses staff needs and plans after school sessions, in-service days and summer sessions for certified staff. The emphasis on these activities is to provide professional staff the skills to improve student achievement. Follow-up training and coaching is provided throughout the school year. Effectiveness of all staff development is measured by the change in teacher's instructional practices and, ultimately, by its impact on student achievement.

In addition to locally provided staff development, the Piqua City School District financially supports staff members going to professional meetings out of district and reimburses professional staff for approved graduate hours.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2006

INTERVENTION AND SPECIAL PROGRAMS -- The Piqua City School District recognizes its responsibility to serve students who are at risk of not achieving in school. Intervention for these students includes teams of professionals who meet with the individual student to provide support through an established Intervention Assistance Team.

Special programs provided for students who need additional support include an elementary guidance program, elementary and secondary intervention school, a high school night school program, Junior Naval ROTC, and Jobs for Ohio Graduates. As of June 2006, over one hundred students have graduated from Piqua High School due to the availability of the night school program.

GIFTED AND TALENTED PROGRAMMING AND ADVANCED PLACEMENT COURSES -- Piqua City Schools also recognizes its responsibility to provide appropriate programming for its most capable students. The District provides a portion of that programming through a gifted and talented program that serves eligible identified elementary and junior high school students beginning in the first grade. Eligibility is determined by criteria established by Ohio's Department of Education. The program provides enrolled students enrichment experiences, opportunities for advanced thinking skills development and independent research. Computer technology is a significant part of this program.

Piqua High School offers advanced placement courses in art, biology, calculus, chemistry, economics, English, government, and physics. During the 2005-06 school year more than 100 students were enrolled in these college level courses.

SPECIAL EDUCATION -- In 2005-06 there were 658 students on Individualized Educational Programs representing nearly 17.10% of the total student population. Of these students all but a handful were served in their home district and most were served in their home schools. Our programs are designed to serve students with multiple disabilities, cognitive disabilities, learning disabilities, emotional disabilities, hearing handicaps and other health handicaps.

Special education is structured to provide a continuum of services in most buildings and to allow special education teachers to be resources to the regular education staff. This has permitted more collaboration among staff and more opportunities for special needs students to be included in regular education.

ECONOMIC CONDITIONS AND OUTLOOK

During calendar year 2001 the county's six-year reappraisal of property valuations was completed. In accordance with millage rollback provisions of HB920, the District has assessed millage at the 20 mill-floor, the lowest millage permitted by Ohio Revised Code. As a result of this, the District is able to benefit financially from increased assessed valuations. The benefits of any growth were realized by the district during the second half of the 2001-02 school year and were fully realized during the 2002-03 school year. A Triennial update was performed during 2004 by the Miami County Auditor's office. This took effect during calendar year 2005.

There has been continued growth in residential housing in several areas of the District. The District's tax base has shown growth in real estate values every year for the last ten years, and every year since 1993 in tangible personal property tax. Tax collection rates are excellent, experiencing delinquent taxes of less than 5% for the past several years.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2006

A 1/2% School District Income Tax was approved by the voters of Piqua in 1990. This tax generates over \$1,800,000 annually for general operations of the District. In Fiscal Year 1995, the district began to feel growth in the income tax revenues and has experienced average increases of 4.9% until 2001-02. The overall decline in the economy impacted the District's income tax collections and a decrease of 7% was realized in Fiscal Year 2002, a 2% decrease in Fiscal Year 2003, and another 2% decrease in Fiscal Year 2004. However, in Fiscal Year 2005, the district realized a slight recovery of a 2.3% increase from the prior year. For Fiscal Year 2006, the District realized a 10.7% increase from the 2005 collections.

The District is currently in the second year of a taxpayer approved 1.8 mill five year Permanent Improvements Levy which allows the District to spend approximately \$800,000 annually on repairs, renovations and capital equipment expenditures to maintain the District's facilities. Revenue generated through this levy takes financial strain off the General Fund by making the expenditures for capital repairs through the Permanent Improvement Fund.

RECENT SIGNIFICANT ACCOMPLISHMENTS

During the 2005-2006 school year the staff and administration continued progress in a number of major instructional initiatives. Alignment of instruction to the Ohio Content Standards continued as a priority through the Curriculum Mapping Project as maps have been developed for most of the major instructional areas. Assessing student Academic progress has become a district priority as well. Quarterly Progress Indicators are recorded electronically.

The District initiated a literacy project during the 2003-04 school year. Starting in grade levels kindergarten through three, literacy consultants were assigned to the schools to provide staff in-service and training on site. The project was then introduced at the intermediate level during the 2004-05 school year. The 4 Blocks Literacy Framework is designed to provide consistent reading and writing instruction with mandated time allocations throughout the elementary grades.

Development of long range plans in all phases of district operation continued as a Strategic Planning Committee met regularly to develop the District's ten year plan. A twenty-five member Steering Committee made up of members of the larger planning team, reviewed, refined and prioritized dozens of recommendations and prepared them for review by the entire community. Recommendations are in place for the areas of Curriculum/Instruction, Staff Relations, City/School Relations, Finance and Facilities. This community review was scheduled for late 2005, but has been held up by the lack of Board action on the plan. The Board officially took affirmative action on the plan as a whole at its July 2006 meeting.

The District's facilities continue to be upgraded and modernized. Revenue from the Capital Improvement Levy were used for new roofs, new windows, floor coverings, plumbing, heat plants and many other improvements. Voters first approved this levy in 1994 as a 3.5 mill levy.

MAJOR INITIATIVES FOR THE FUTURE

The District continues to improve student performance on state proficiency/achievement tests. While scores continued to rise during 2005-2006, the District reached the Effective Rating in both the Performance Index as well as the Performance Indicators. Administrators and staff members have their sights set on another banner year for 2006-2007. The goal for 2006-2007 is to not only continue it's Effective Rating, but to garner the Excellent Rating.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2006

In order to continue the progress in student achievement, the following initiatives have been implemented:

The Four Block Literacy Initiative will continue at the elementary level and will expand to the junior high school.

More attention will be given to mathematics with several of the Piqua City Schools implementing mathematics improvement projects.

Piqua Junior High School has initiated a "teaming concept" that will enable teachers to work in teams and to benefit from common planning times.

The Strategic Planning Project will continue as a vehicle for community involvement and planning for the District's future.

District administrators will continue to strengthen their instructional leadership skills through the Leadership Academy held quarterly throughout the school year.

The Curriculum Mapping and Quarterly Performance Indicator Projects will continue to enhance instruction in Piqua classrooms.

Special Education will remain a priority with concentration on integration of special education students in regular classroom instruction and activities.

Integration of technology into classroom instruction will continue with much staff training and continued utilization of the best equipment available.

The Piqua City School District, in partnership with the Piqua Community, is dedicated to providing the best possible learning environment for students of the District.

ACCOUNTING INFORMATION

ACCOUNTING SYSTEM -- The District's accounting system is organized on a fund basis. Each fund is a separate self-balancing accounting entity. The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

INTERNAL CONTROLS -- The Treasurer of the District is responsible for establishing an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Management Team is responsible for assisting with implementation of the established internal controls.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefit requires estimates and judgments by management.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2006

SINGLE AUDIT -- As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation and audit by the Treasurer, Management Team and staff of the District.

As a part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion relating to federal financial assistance programs, as well as to verify that the District has complied with applicable laws and regulations.

BUDGETARY CONTROLS -- All governmental fund types are subject to annual expenditure budgets. The procedures below outline the District's budgetary procedures:

A tax budget of estimated cash receipts and disbursements is submitted to the county auditor as secretary of the county budget commission by January 20 of each year for the fiscal year commencing the following July 1. The District's Board of Education (the Board) adopts the tax budget at its January Organizational Meeting.

The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

An annual appropriations measure is passed upon receipt of the county auditor's final tax revenue estimates, in October or November of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopts temporary appropriations at its June Board meeting to cover expenditures until the adoption of the permanent appropriations. The appropriations measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments are given building budgeting funds for instructional supplies, custodial supplies, meeting and mileage expenses, and equipment. Buildings and/or departments may move funds within their budgets with approval of the Superintendent and Treasurer. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund.

Additionally, the District maintains an encumbrance accounting system as a useful technique of accomplishing budgetary control. Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation.

CASH MANAGEMENT -- It is the policy of the Piqua City School District, that with due regard to the safety and risk of investments, all available funds shall be invested in conformance with existing legal requirement and Board-adopted policy guidelines, to the maximum extent possible, at the highest rates obtainable at the time of investment. Effective cash management is recognized as essential to good fiscal management. An investment policy has been formulated to take advantage of investment interest as a viable and material source of revenue to all funds involved. The District's investments are designed and managed in a manner responsive to public trust and consistent with state and local laws.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2006

Investments are made with the primary objectives of:

- Preservation of capital and protection of principal.
- Maintenance of liquidity to meet cash flow requirements.
- Diversification of assets to avoid undue credit and liquidity risks.
- Optimization of portfolio returns within objectives outlined above.
- Use of good judgment and care to provide safety to the District's assets.

Administrative guidelines and investment policies apply to all financial assets of the District contained in the Comprehensive Annual Financial Report (CAFR). The investment portfolio shall consist of investment securities, permissible by law, recognizing that all participants involved in the process shall act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the District's ability to govern effectively.

RISK MANAGEMENT -- The District is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The District is also covered under the State Workers' Compensation Fund. The District makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area. Detailed information regarding the risk management activities of the District can be found in footnote 13 of the basic financial statements included within the financial section of this report.

OTHER INFORMATION

INDEPENDENT AUDIT -- State statutes require an annual audit. Balestra, Harr and Scherer, Certified Public Accountants Incorporated conducted the audit for the fiscal year ended June 30, 2006. The auditor's unqualified opinion on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements which follow the basic financial statements contain additional information and are an integral part of such statements.

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify.

To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for the last nine consecutive years (fiscal years ended 1997-2005). We believe this current Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

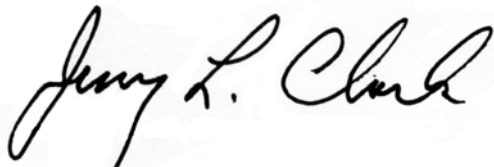
PIQUA CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2006*

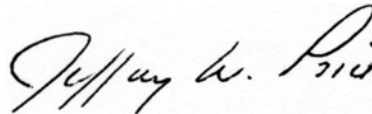
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff under the coordination of Sarah Deavours, Assistant to the Treasurer. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution made by each staff member in the preparation of this report.

In closing, without the patience and support of the Treasurer's Office Staff, the Administrative Team and the Board of Education, preparation of this report would not have been possible.

Respectfully submitted,



Jerry L. Clark, Superintendent



Jeffrey W. Price, Treasurer

PIQUA CITY SCHOOL DISTRICT

Members of the Board of Education, Superintendent of Schools and Treasurer For the Fiscal Year Ended June, 30, 2006

Members of the Board of Education

The Board of Education is a body politic and corporate with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by laws of the State of Ohio. The Board is comprised of five members who are elected for overlapping four-year terms. The members of the Board of Education of the Piqua City School District, during the current fiscal year, are:

December 2005 Board	Began Service as A Board Member	Present Term Expires
R. Scott Miller, President	January 1996	December 31, 2005
Lori S. Webster, Vice President	September 2002	December 31, 2007
Lisa Dotson	June 2003	December 31, 2005
F. Martin Pollock	January 1982	December 31, 2005
Marjorie Zimpher	January 2004	December 31, 2007

December 2006 Board	Began Service as A Board Member	Present Term Expires
Lori S. Webster, President	September 2002	December 31, 2007
Marjorie Zimpher, Vice President	January 2004	December 31, 2007
Mimi Crawford	January 2006	December 31, 2009
Any hite	January 2006	December 31, 2009
Bob Luby	January 2006	December 31, 2009

Superintendent of Schools

The Superintendent is the executive officer of the District and is responsible for administering policies adopted by the Board of Education. The Superintendent is expected to provide leadership in all phases of policy formulation and is the chief advisor to the Board on all aspects of the educational program and total operation of the District. The Board appointed Mr. Jerry L. Clark, Superintendent of the Piqua City School District effective April 7, 1992. His term of office expires on July 31, 2006.

The Board has since hired Dr. Karen Mantia as the next Superintendent to lead Piqua City Schools. Her term of office expires on July 31, 2009.

Treasurer

The Treasurer serves as the fiscal officer of the District and, with the Board President, executes all conveyances made by the Board of Education. The Treasurer, Jeffrey Price has held the position since August, 2004. His term expires at the organizational meeting in January, 2011.

PIQUA CITY SCHOOL DISTRICT

Management Team Members and Treasurer's Office Staff For the Fiscal Year Ended June, 30, 2006

Management Team Members

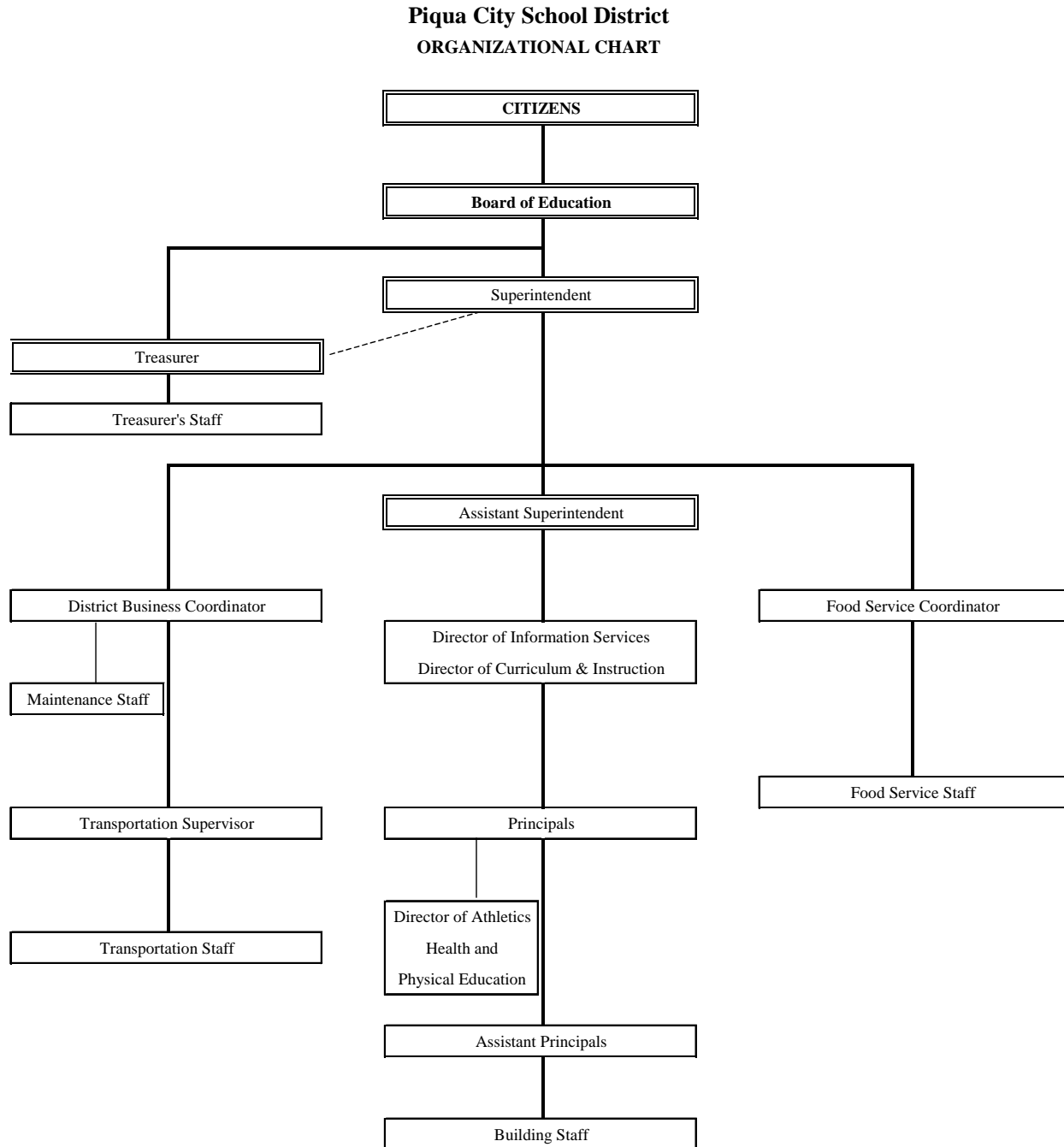
Jerry L. Clark	Superintendent of Schools
Jeffrey W. Price	Treasurer
Ben Edmonds	Assistant Superintendent
Jean Hill	EMIS Coordinator
Tim Reed	District Business Coordinator
Stephen Magoteaux	Athletic Director
Jane Rudd	Food Service Coordinator
David Janson, Ph.D.	Director of Curriculum and Instruction
Jim Conley	District Technology Coordinator
Thomas Roeser, Ph.D.	School Psychologist
Daryl Boyd	School Psychologist
James Daniel	Transportation Supervisor
Katherine V. Davisson	Principal, Piqua High School
Mark Snyder	Assistant Principal, Piqua High School
David Palmer	Assistant Principal, Piqua High School
Ed McCord	Principal, Piqua Junior High School
Jeff Clark	Assistant Principal, Piqua Junior High School
Dwayne Thompson	Principal, Favorite Hill Primary School
Rick E. Fry	Principal, High Street Primary School
Teresa Congdon	Principal, Nicklin Learning Center
Judith York	Principal, Springcreek Primary School
Rebecca Holthaus	Principal, Washington Intermediate School
Bradley Hall	Principal, Bennett Intermediate School
Curt Montgomery	Principal, Wilder Intermediate School

Treasurer's Office Staff

Sarah Deavours	Assistant to the Treasurer
Jeannie Ervin	Budgetary/Financial Clerk
Karen Magoteaux	Budgetary/Financial Clerk
Cathy Hood	Payroll Clerk

PIQUA CITY SCHOOL DISTRICT

School District Organizational Chart For the Fiscal Year Ended June, 30, 2006



NOTE: Please see reverse side for individual positions.

PIQUA CITY SCHOOL DISTRICT

***Job Description Listing
For the Fiscal Year Ended June, 30, 2006***

<u>Position:</u>	<u>Responsible To:</u>
Superintendent	Board of Education
Treasurer	Board of Education
Assistant Superintendent	Superintendent
District Business Coordinator	Superintendent
Director - Information Services	Superintendent & Assistant Superintendent
Director - Curriculum & Instruction	Superintendent & Assistant Superintendent
Food Service Director	Superintendent
Principal (Sr. High, Jr. High, Elem.)	Superintendent & Assistant Superintendent
Assistant Senior High School Principal	Senior High School Principal
Assistant Junior High School Principal	Junior High School Principal
Director - Health, P.E. & Interscholastic Athletics	Superintendent Athletics - Secondary Principals
Transportation Supervisor	District Business Coordinator
School Psychologist	Assistant Superintendent
Speech, Language & Hearing Therapist	Assistant Superintendent
Teacher	Building Principal
Guidance Counselor	Building Principal
Librarian	Building Principal
School Nurse	Assistant Superintendent
Substitute Teacher	Building Principal
Assistant to Treasurer, Payroll Clerk	Treasurer
Budgetary Clerk, Financial Clerk	Treasurer
Secretary	Immediate Supervisor (See Job Analysis Handbook)
Copy Center Operator	District Business Coordinator
Warehouse Secretary	District Business Coordinator
Head Cook	Building Principal, Food Service Coordinator
Assistant Head Cook, Cook, Sub Cook	Head Cook
Bus Driver, Substitute Bus Driver	Transportation Supervisor
Bus Mechanic	Transportation Supervisor
Athletic Complex Custodian/ Mechanic's Helper	District Business Coordinator/ Athletic Director
Sub Custodian	District Business Coordinator/ Building Principal
Library Aide	Building Principal/Librarian
Classroom Aide	Building Principal/Assigned Teacher
Study Hall Aide	Building Principal/Assistant Principal

PIQUA CITY SCHOOL DISTRICT

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Piqua City School District
Ohio

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

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



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director



BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Piqua City School District
Miami County
719 East Ash Street
Piqua, Ohio 45356

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Piqua City School District (the District), Miami County, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

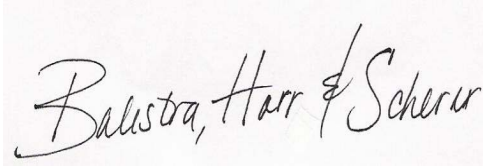
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note 18, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*, and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 13, 2006

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2006*

Unaudited

The discussion and analysis of Piqua City 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 School 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 financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2006 are as follows:

- ❑ In total, net assets increased \$1,351,749. Net assets of governmental activities increased \$1,350,366, which represents a 5.9% increase from 2005. Net assets of business-type activities increased \$1,383 from 2005.
- ❑ General revenues accounted for \$28,917,208 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,995,611 or 15% of total revenues of \$33,912,819.
- ❑ The District had \$30,943,290 in expenses related to governmental activities; only \$3,376,448 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,917,208 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$26,670,282 in revenues and \$26,795,092 in expenditures. The general fund's fund balance decreased \$122,805 to \$1,457,850.
- ❑ Net assets for the enterprise fund decreased \$28,841. This decrease is mostly attributable to decreases in operating grants received.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2006*

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District are divided into two categories:

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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.

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2006*

Unaudited

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

Fiduciary Funds – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2006 compared to 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$2,490,897	\$2,009,238	\$1,100,419	\$1,131,975	\$2,591,316	\$2,441,213
Capital assets, Net	2,742,639	2,757,998	343,706	360,100	2,786,345	2,793,098
Total assets	4,933,536	5,058,236	1,444,125	1,492,075	5,137,661	5,207,311
Long-term debt outstanding	11,744,976	12,882,111	67,455	69,640	11,812,431	12,951,751
Other liabilities	13,866,472	14,727,403	145,660	192,798	14,012,122	14,920,201
Total liabilities	25,611,448	27,609,514	213,105	262,438	25,824,553	27,871,952
Net assets						
Invested in capital assets, net of related debt	18,034,488	17,469,998	343,706	360,100	18,378,194	17,830,098
Restricted	1,948,346	2,202,169	0	0	1,948,346	2,202,169
Unrestricted	4,339,254	3,299,555	887,314	869,537	5,226,568	4,169,092
Total net assets	\$24,322,088	\$22,971,722	\$1,231,020	\$1,229,637	\$25,553,108	\$24,201,359

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PIQUA CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June, 30, 2006

Unaudited

Changes in Net Assets – The following table shows the net assets for the fiscal year 2006 compared to 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for Services	\$654,244	\$670,763	\$681,810	\$688,474	\$1,336,054	\$1,359,237
Operating Grants	2,722,204	2,646,302	937,353	922,335	3,659,557	3,568,637
Capital Grants	0	32,550	0	0	0	32,550
General revenues:						
Property Taxes	12,880,373	13,314,716	0	0	12,880,373	13,314,716
Income Taxes	2,063,347	1,938,151	0	0	2,063,347	1,938,151
Grants and Entitlements	13,308,075	13,300,568	0	0	13,308,075	13,300,568
Other	665,413	602,828	0	0	665,413	602,828
Total revenues	<u>32,293,656</u>	<u>32,505,878</u>	<u>1,619,163</u>	<u>1,610,809</u>	<u>33,912,819</u>	<u>34,116,687</u>
Program Expenses						
Instruction	18,811,951	17,846,789	0	0	18,811,951	17,846,789
Support Services:						
Pupils	1,445,687	1,606,509	0	0	1,445,687	1,606,509
Instructional Staff	2,041,532	1,856,368	0	0	2,041,532	1,856,368
Board of Education	19,669	10,002	0	0	19,669	10,002
Administration	2,266,873	2,281,690	0	0	2,266,873	2,281,690
Fiscal Services	407,123	597,052	0	0	407,123	597,052
Business	100,937	85,456	0	0	100,937	85,456
Operation and Maintenance of Plant	2,866,955	2,778,643	0	0	2,866,955	2,778,643
Pupil Transportation	1,378,564	1,296,336	0	0	1,378,564	1,296,336
Central	160,049	129,257	0	0	160,049	129,257
Operation of Non-Instructional Services	298,992	304,911	0	0	298,992	304,911
Extracurricular Activities	671,020	638,177	0	0	671,020	638,177
Debt Service:						
Interest and Fiscal Charges	473,938	286,314	0	0	473,938	286,314
Food Service	0	0	1,617,780	1,577,204	1,617,780	1,577,204
Total expenses	<u>30,943,290</u>	<u>29,717,504</u>	<u>1,617,780</u>	<u>1,577,204</u>	<u>32,561,070</u>	<u>31,294,708</u>
Change in Net Assets	1,350,366	2,788,374	1,383	33,605	1,351,749	2,821,979
Beginning Net Assets	<u>22,971,722</u>	<u>20,183,348</u>	<u>1,229,637</u>	<u>1,196,032</u>	<u>24,201,359</u>	<u>21,379,380</u>
Ending Net Assets	<u>\$24,322,088</u>	<u>\$22,971,722</u>	<u>\$1,231,020</u>	<u>\$1,229,637</u>	<u>\$25,553,108</u>	<u>\$24,201,359</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,350,366. Property taxes decreased due to decreases in tangible personal property tax receipts. Instruction increased significantly due to a 20% increase in insurance premiums, as well as a 3.25% increase in all base salaries.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the 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

PIQUA CITY SCHOOL DISTRICT

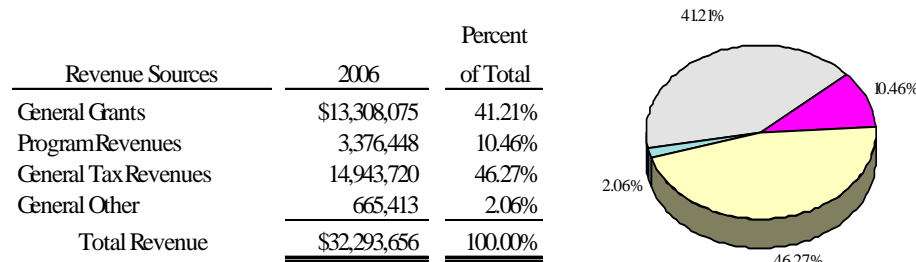
**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2006**

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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. However, the assessed millage cannot be reduced below 20 mills, according to state statutes. The District's assessed millage has already been reduced to the 20 mill floor. Consequently, the District will receive some increased revenues as property values increase with reappraisals.

The District also receives an income tax, which is based on .5% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the District.

Property taxes and income taxes made up 40% and 6% respectively of revenues for governmental activities for Piqua City Schools in fiscal year 2006. The District's reliance upon tax revenues is demonstrated by the following graph indicating 46% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities remained very stable, increasing \$1,383 or less than 1%. These programs had revenues of \$1,619,163 and expenses of \$1,617,780 for fiscal year 2006. Business-type activities receive no support from tax revenues and remain self-supporting.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$3,558,363, which is below last year's total of \$4,244,708. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2006 and 2005.

	Fund Balance June 30, 2006	Fund Balance June 30, 2005	Increase (Decrease)
General	\$1,457,850	\$1,580,655	(\$122,805)
Bond Retirement	565,738	578,706	(12,968)
Permanent Improvement	915,810	1,174,483	(258,673)
Other Governmental	618,965	910,864	(291,899)
Total	\$3,558,363	\$4,244,708	(\$686,345)

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
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Permanent Improvement Fund – The Permanent Improvement Fund reported a decrease in fund balance of \$258,673. This decrease can be attributed to increases in capital outlays for building improvements.

Bond Retirement Fund – The Bond Retirement Fund remained very stable, decreasing \$12,968 or approximately 2%.

General Fund – The District's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2006 Revenues	2005 Revenues	Increase (Decrease)
Taxes	\$12,911,377	\$13,172,163	(\$260,786)
Tuition	49,074	33,062	16,012
Transportation Fees	54,948	37,911	17,037
Investment Earnings	100,382	61,886	38,496
Class Materials and Fees	156,283	158,679	(2,396)
Intergovernmental - State	12,994,691	13,041,874	(47,183)
Intergovernmental - Federal	167,906	193,730	(25,824)
All Other Revenue	235,621	334,934	(99,313)
Total	\$26,670,282	\$27,034,239	(\$363,957)

General Fund revenues in 2006 decreased 1.3% when compared to revenues in fiscal year 2005. Property taxes decreased due to decreases in tangible personal property tax receipts. Investment earnings increased significantly due to increases in interest rates.

	2006 Expenditures	*2005 Expenditures	Increase (Decrease)
Instruction	\$15,753,044	\$14,917,095	\$835,949
Supporting Services:			
Pupils	1,406,504	1,538,221	(131,717)
Instructional Staff	1,985,651	1,819,865	165,786
Board of Education	19,669	10,002	9,667
Administration	2,254,257	2,413,324	(159,067)
Fiscal Services	443,065	585,205	(142,140)
Business	105,655	88,423	17,232
Operation & Maintenance of Plant	2,945,416	2,828,725	116,691
Pupil Transportation	1,300,500	1,235,725	64,775
Central	159,645	128,491	31,154
Extracurricular Activities	286,256	252,042	34,214
Principal Retirement	101,401	67,930	33,471
Interest and Fiscal Charges	34,029	22,643	11,386
Total	\$26,795,092	\$25,907,691	\$887,401

*Certain reclassifications were made to fiscal year 2005 balances.

The expenditures increased \$887,401 or about 3.4% over the prior year. Instruction increased significantly due to a 20% increase in insurance premiums, as well as a 3.25% increase in all base salaries. Increases in instructional staff were due to retirement benefits paid while fiscal services decreased due to decreases in general auditor and treasurer fees.

PIQUA CITY SCHOOL DISTRICT

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

During the course of fiscal year 2006 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$26.6 million was slightly lower than the original budget estimates of \$26.9 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2006 the School District had \$27,786,345 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, equipment and vehicles. Of this total, \$27,442,639 was related to governmental activities and \$343,706 to the business-type activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
	Land	\$323,722	\$323,722
Construction in Progress	90,727	164,919	(74,192)
Land Improvements	2,007,392	1,901,176	106,216
Buildings and Improvements	31,191,780	30,849,308	342,472
Machinery and Equipment	5,407,077	5,029,645	377,432
Vehicles	1,924,159	1,888,459	35,700
Less: Accumulated Depreciation	(13,502,218)	(12,585,231)	(916,987)
Totals	\$27,442,639	\$27,571,998	(\$129,359)

	Business-Type Activities		Increase (Decrease)
	2006	2005	
	Machinery and Equipment	\$875,955	\$887,463
Less: Accumulated Depreciation	(532,249)	(527,363)	(4,886)
Totals	\$343,706	\$360,100	(\$16,394)

The increase in land improvements can be attributed to softball field improvements. Buildings and improvements increased due to heating and electrical improvements while computer purchases contributed to the increase in machinery and equipment in governmental activities. Additional information on the District's capital assets can be found in Note 8.

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2006**

Unaudited

Debt

At June 30, 2006, the School District had \$9 million in bonds outstanding, \$297,721 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2006:

	<u>2006</u>	<u>2005</u>
Governmental Activities:		
General Obligation Bond:		
School Improvement	\$665,432	\$1,220,432
School Improvement Refunding	8,352,552	8,515,114
Capital Leases Payable	390,167	491,568
Compensated Absences	2,336,825	2,654,997
Total Governmental Activities	<u>11,744,976</u>	<u>12,882,111</u>
Business-Type Activities:		
Compensated Absences	67,455	69,640
Totals	<u>\$11,812,431</u>	<u>\$12,951,751</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2006, the School District's overall legal debt margin was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Like most public school districts in Ohio, the Piqua City School District relies on its property and income taxes and state aide to provide the funds necessary to maintain its educational programs. In recent years residential growth in Piqua has been moderate, the economy of the community has been impacted by the closure of several key industries and the school district income tax has been effected by a stagnate economy. As a result, the school district has been forced to reduce costs and generate additional income. As the District headed into the 2003-2004 school year, costs were reduced by a major staff reduction resulting in savings of 1.4 million dollars. Additional income was generated by passage, on the third attempt in May of 2003, of a five year 4.87 mill emergency operating levy. The Board of Education's willingness to confront difficult decisions regarding the instructional programs and staffing coupled with the community's willingness to provide additional funding has resulted in the stabilization of the district's financial condition.

A challenge facing the District is the future of state funding. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. In November 2001, the Court

PIQUA CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2006***

Unaudited

granted the state's motion for reconsideration but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issues his final report indicating that the conference was unable to produce a settlement. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." As of the date of these financial statements, the District is unable to determine what effect, if any, the decision and the reconsideration will have on its future state funding and on its financial operations.

In conclusion, the Piqua City School District has committed itself to financial excellence for many years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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 Jeffrey Price, Treasurer of Piqua City School District.



PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets June 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 5,988,798	\$ 706,354	\$ 6,695,152
Investments	3,318,394	0	3,318,394
Receivables:			
Taxes	12,379,964	0	12,379,964
Accounts	49,259	0	49,259
Intergovernmental	791,623	0	791,623
Interest	5,044	0	5,044
Internal Balance	(374,837)	374,837	0
Inventory of Supplies at Cost	0	19,228	19,228
Prepaid Items	16,505	0	16,505
Restricted Assets:			
Cash and Cash Equivalents	204,865	0	204,865
Cash with Fiscal Agent	762	0	762
Unamortized Bond Issuance Cost	110,520	0	110,520
Non-Depreciable Capital Assets	414,449	0	414,449
Depreciable Capital Assets, Net	27,028,190	343,706	27,371,896
Total Assets	<u>49,933,536</u>	<u>1,444,125</u>	<u>51,377,661</u>
Liabilities:			
Accounts Payable	232,445	591	233,036
Accrued Wages and Benefits	2,804,960	80,151	2,885,111
Intergovernmental Payable	822,286	64,908	887,194
Matured Bonds and Interest Payable	762	0	762
Unearned Revenue	9,913,471	0	9,913,471
Accrued Interest Payable	92,548	0	92,548
Long Term Liabilities:			
Due Within One Year	694,824	0	694,824
Due in More Than One Year	11,050,152	67,455	11,117,607
Total Liabilities	<u>25,611,448</u>	<u>213,105</u>	<u>25,824,553</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	18,034,488	343,706	18,378,194
Restricted For:			
Capital Projects	1,076,537	0	1,076,537
Debt Service	509,255	0	509,255
Other Purposes	362,554	0	362,554
Unrestricted	4,339,254	887,314	5,226,568
Total Net Assets	<u>\$ 24,322,088</u>	<u>\$ 1,231,020</u>	<u>\$ 25,553,108</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 18,811,951	\$ 305,864	\$ 2,099,153
Support Services:			
Pupils	1,445,687	1,263	92,649
Instructional Staff	2,041,532	0	195,581
Board of Education	19,669	0	0
Administration	2,266,873	0	8,955
Fiscal Services	407,123	0	2,216
Business	100,937	0	0
Operation and Maintenance of Plant	2,866,955	0	0
Pupil Transportation	1,378,564	54,948	13,776
Central	160,049	0	0
Operation of Non-Instructional Services	298,992	0	308,874
Extracurricular Activities	671,020	292,169	1,000
Interest and Fiscal Charges	473,938	0	0
Total Governmental Activities	30,943,290	654,244	2,722,204
Business-Type Activities:			
Food Service	1,617,780	681,810	937,353
Total Business-Type Activities	1,617,780	681,810	937,353
Totals	\$ 32,561,070	\$ 1,336,054	\$ 3,659,557

General Revenues

Taxes:

Property Taxes levied for: General Purposes

Property Taxes levied for: Debt Service

Property Taxes levied for: Capital Outlay

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (16,406,934)	\$ 0	\$ (16,406,934)
(1,351,775)	0	(1,351,775)
(1,845,951)	0	(1,845,951)
(19,669)	0	(19,669)
(2,257,918)	0	(2,257,918)
(404,907)	0	(404,907)
(100,937)	0	(100,937)
(2,866,955)	0	(2,866,955)
(1,309,840)	0	(1,309,840)
(160,049)	0	(160,049)
9,882	0	9,882
(377,851)	0	(377,851)
(473,938)	0	(473,938)
(27,566,842)	0	(27,566,842)
0	1,383	1,383
0	1,383	1,383
(27,566,842)	1,383	(27,565,459)
10,805,308	0	10,805,308
999,966	0	999,966
1,075,099	0	1,075,099
2,063,347	0	2,063,347
13,308,075	0	13,308,075
296,912	0	296,912
368,501	0	368,501
28,917,208	0	28,917,208
1,350,366	1,383	1,351,749
22,971,722	1,229,637	24,201,359
\$ 24,322,088	\$ 1,231,020	\$ 25,553,108

PIQUA CITY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2006

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 285,392	\$ 477,451	\$ 195,976	\$ 764,227	\$ 1,723,046
Investments	2,684,557	0	633,837	0	3,318,394
Receivables:					
Taxes	10,457,845	944,130	977,989	0	12,379,964
Accounts	45,207	0	0	4,052	49,259
Intergovernmental	0	0	0	791,623	791,623
Interest	5,044	0	0	0	5,044
Interfund Loan Receivable	339,779	0	0	0	339,779
Prepaid Items	16,505	0	0	0	16,505
Restricted Assets:					
Cash and Cash Equivalents	204,865	0	0	0	204,865
Cash with Fiscal Agent	0	762	0	0	762
Total Assets	\$ 14,039,194	\$ 1,422,343	\$ 1,807,802	\$ 1,559,902	\$ 18,829,241
Liabilities:					
Accounts Payable	\$ 204,649	\$ 0	\$ 5,375	\$ 22,421	\$ 232,445
Accrued Wages and Benefits	2,617,523	0	0	187,437	2,804,960
Intergovernmental Payable	781,650	0	0	40,636	822,286
Matured Bonds and Interest Payable	0	762	0	0	762
Interfund Loans Payable	0	0	0	339,779	339,779
Deferred Revenue - Taxes	8,751,730	855,843	886,617	0	10,494,190
Deferred Revenue	0	0	0	350,664	350,664
Compensated Absences Payable	225,792	0	0	0	225,792
Total Liabilities	12,581,344	856,605	891,992	940,937	15,270,878
Fund Balance:					
Reserved for Encumbrances	267,820	0	346,623	131,640	746,083
Reserved for Prepaid Items	16,505	0	0	0	16,505
Reserved for Debt Service	0	483,035	0	0	483,035
Reserved for Property Taxes	921,539	82,703	85,640	0	1,089,882
Reserved for Endowments	0	0	0	65,508	65,508
Statutory Reserves	204,865	0	0	0	204,865
Unreserved, Undesignated in:					
General Fund	47,121	0	0	0	47,121
Special Revenue Funds	0	0	0	299,023	299,023
Capital Projects Funds	0	0	483,547	122,794	606,341
Total Fund Balance	1,457,850	565,738	915,810	618,965	3,558,363
Total Liabilities and Fund Balance	\$ 14,039,194	\$ 1,422,343	\$ 1,807,802	\$ 1,559,902	\$ 18,829,241

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
June 30, 2006***

Total Governmental Fund Balances \$ 3,558,363

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 27,442,639

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 931,383

Internal service funds are used by management to charge
the costs of insurance to individual funds. The assets
and liabilities of the internal service funds are included in
governmental activities in the statement of net assets. 3,890,915

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds.

General Obligation Bonds Payable	(9,492,677)
Deferred Loss on Early Retirement of Debt	551,727
Unamortized Bond Issuance Cost	110,520
Interest Accretion on Capital Appreciation Bonds	(77,034)
Capital Leases Payable	(390,167)
Compensated Absences Payable	(2,111,033)
Accrued Interest Payable	(92,548)

(11,501,212)

Net Assets of Governmental Activities

\$ 24,322,088

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

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

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local Sources:					
Taxes	\$ 12,911,377	\$ 1,000,144	\$ 1,079,239	\$ 0	\$ 14,990,760
Tuition	49,074	0	0	0	49,074
Transportation Fees	54,948	0	0	0	54,948
Investment Earnings	100,382	10,054	14,274	14,669	139,379
Extracurricular Activities	0	0	0	392,676	392,676
Class Materials and Fees	156,283	0	0	0	156,283
Intermediate Sources	0	0	0	14,137	14,137
Intergovernmental - State	12,994,691	103,354	112,262	430,188	13,640,495
Intergovernmental - Federal	167,906	0	0	1,857,077	2,024,983
All Other Revenue	235,621	1,934	0	130,946	368,501
Total Revenue	26,670,282	1,115,486	1,205,775	2,839,693	31,831,236
Expenditures:					
Current:					
Instruction	15,753,044	0	480,118	2,158,008	18,391,170
Supporting Services:					
Pupils	1,406,504	0	0	107,190	1,513,694
Instructional Staff	1,985,651	0	0	214,489	2,200,140
Board of Education	19,669	0	0	0	19,669
Administration	2,254,257	0	50,394	12,991	2,317,642
Fiscal Services	443,065	5,880	6,687	2,307	457,939
Business	105,655	0	0	0	105,655
Operation and Maintenance of Plant	2,945,416	0	18,280	300	2,963,996
Pupil Transportation	1,300,500	0	0	8,177	1,308,677
Central	159,645	0	0	0	159,645
Operation of Non-Instructional Services	0	0	0	294,329	294,329
Extracurricular Activities	286,256	0	0	335,065	621,321
Capital Outlay	0	0	908,969	0	908,969
Debt Service:					
Principal Retirement	101,401	780,000	0	0	881,401
Interest and Fiscal Charges	34,029	342,574	0	0	376,603
Total Expenditures	26,795,092	1,128,454	1,464,448	3,132,856	32,520,850
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,810)	(12,968)	(258,673)	(293,163)	(689,614)
Other Financing Sources (Uses):					
Sale of Capital Assets	2,005	0	0	1,264	3,269
Total Other Financing Sources (Uses)	2,005	0	0	1,264	3,269
Net Change in Fund Balance	(122,805)	(12,968)	(258,673)	(291,899)	(686,345)
Fund Balance at Beginning of Year	1,580,655	578,706	1,174,483	910,864	4,244,708
Fund Balance End of Year	\$ 1,457,850	\$ 565,738	\$ 915,810	\$ 618,965	\$ 3,558,363

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended June 30, 2006***

Net Change in Fund Balances - Total Governmental Funds \$ (686,345)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 11,404

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (140,763)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 303,624

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 810,461

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (60,424)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 266,347

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 846,062

Change in Net Assets of Governmental Activities \$ 1,350,366

See accompanying notes to the basic financial statements

PIQUA CITY 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***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local Sources:				
Taxes	\$ 12,328,631	\$ 12,959,352	\$ 12,959,352	\$ 0
Tuition	1,500	8,931	13,641	4,710
Transportation Fees	25,000	38,427	50,731	12,304
Investment Earnings	100,000	100,000	111,309	11,309
Class Material and Fees	158,760	158,760	155,621	(3,139)
Intergovernmental - State	14,109,114	13,100,000	12,994,691	(105,309)
Intergovernmental - Federal	129,492	182,942	182,481	(461)
All Other Revenues	<u>66,000</u>	<u>95,676</u>	<u>127,709</u>	<u>32,033</u>
Total Revenues	<u>26,918,497</u>	<u>26,644,088</u>	<u>26,595,535</u>	<u>(48,553)</u>
Expenditures:				
Current:				
Instructional Services:				
Regular	13,081,673	13,192,998	13,127,266	65,732
Special	2,736,715	2,748,867	2,666,659	82,208
Other	0	0	50,548	(50,548)
Support Services:				
Pupils	1,683,875	1,685,929	1,425,885	260,044
Instructional Staff	1,945,895	1,948,524	1,953,281	(4,757)
Board of Education	28,775	28,775	19,530	9,245
Administration	2,230,871	2,326,985	2,256,580	70,405
Fiscal Services	660,350	661,113	436,216	224,897
Business	90,900	90,900	101,010	(10,110)
Operation and Maintenance of Plant	2,773,714	2,828,503	3,060,818	(232,315)
Pupil Transportation	1,287,475	1,292,293	1,287,952	4,341
Central	68,300	87,260	151,255	(63,995)
Extracurricular Activities	297,655	297,690	286,807	10,883
Capital Outlay	<u>6,000</u>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Total Expenditures	<u>26,892,198</u>	<u>27,195,837</u>	<u>26,823,807</u>	<u>372,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,299	(551,749)	(228,272)	323,477
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	2,005	2,005	0
Refund of Prior Year's Expenditures	100,000	100,000	120,798	20,798
Refund of Prior Year's Receipts	(250)	(250)	0	250
Total Other Financing Sources (Uses):	<u>99,750</u>	<u>101,755</u>	<u>122,803</u>	<u>21,048</u>
Net Change in Fund Balance	126,049	(449,994)	(105,469)	344,525
Fund Balance at Beginning of Year	3,003,482	3,003,482	3,003,482	0
Prior Year Encumbrances	<u>174,091</u>	<u>174,091</u>	<u>174,091</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,303,622</u>	<u>\$ 2,727,579</u>	<u>\$ 3,072,104</u>	<u>\$ 344,525</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business-Type Activities	Governmental Activities
	Enterprise Fund Food Service	Internal Service Fund
Assets:		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 706,354	\$ 4,265,752
Inventory of Supplies at Cost	19,228	0
<i>Total Current Assets</i>	725,582	4,265,752
<i>Non Current Assets:</i>		
Capital Assets, Net	343,706	0
Total Assets	1,069,288	4,265,752
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable	591	0
Accrued Wages and Benefits	80,151	0
Intergovernmental Payable	64,908	0
<i>Total Current Liabilities</i>	145,650	0
<i>Long Term Liabilities:</i>		
Compensated Absences Payable	67,455	0
Total Liabilities	213,105	0
Net Assets:		
Invested in Capital Assets	343,706	0
Unrestricted	512,477	4,265,752
Total Net Assets	\$ 856,183	\$ 4,265,752
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	374,837	
Net Assets of Business-type Activities	\$ 1,231,020	

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2006**

	Business-Type Activities	Governmental Activities
	Enterprise Fund Food Service	Internal Service Fund
Operating Revenues:		
Sales	\$ 670,031	\$ 0
Interfund Charges	0	723,538
Total Operating Revenues	670,031	723,538
Operating Expenses:		
Salaries and Wages	604,993	0
Fringe Benefits	291,543	6,048
Contractual Services	24,794	0
Supplies and Materials	693,489	0
Depreciation	30,651	0
Total Operating Expenses	1,645,470	6,048
Operating Income (Loss)	(975,439)	717,490
Nonoperating Revenue (Expenses):		
Operating Grants	937,353	0
Investment Earnings	11,779	158,796
Loss on Disposal of Capital Assets	(2,534)	0
Total Nonoperating Revenues (Expenses)	946,598	158,796
Change in Net Assets	(28,841)	876,286
Net Assets Beginning of Year	885,024	3,389,466
Net Assets End of Year	\$ 856,183	\$ 4,265,752
Change in Net Assets - Total Enterprise Funds	(28,841)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	30,224	
Change in Net Assets - Total Business-type Activities	\$ 1,383	

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service
	Food Service	Service
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$670,031	\$0
Cash Received from Interfund Charges	0	723,538
Cash Payments for Goods and Services	(579,493)	0
Cash Payments to Employees for Services and Benefits	(943,995)	(6,048)
Net Cash Provided (Used) by Operating Activities	(853,457)	717,490
<u>Cash Flows from Noncapital Financing Activities:</u>		
Operating Grants Received	796,402	0
Net Cash Provided by Noncapital Financing Activities	796,402	0
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Equipment	(16,791)	0
Net Cash Used by Capital and Related Financing Activities	(16,791)	0
<u>Cash Flows from Investing Activities:</u>		
Receipts of Interest	11,779	158,796
Net Cash Provided by Investing Activities	11,779	158,796
Net Increase (Decrease) in Cash and Cash Equivalents	(62,067)	876,286
Cash and Cash Equivalents at Beginning of Year	768,421	3,389,466
Cash and Cash Equivalents at End of Year	\$706,354	\$4,265,752
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u> Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	(\$975,439)	\$717,490
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	30,651	0
Donated Commodities Used During the Year	140,951	0
Changes in Assets and Liabilities:		
Increase in Inventory	(287)	0
Decrease in Accounts Payable	(1,874)	0
Decrease in Accrued Wages and Benefits	(20,903)	0
Decrease in Intergovernmental Payables	(24,371)	0
Decrease in Compensated Absences	(2,185)	0
Total Adjustments	121,982	0
Net Cash Provided (Used) by Operating Activities	(\$853,457)	\$717,490

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 274,328	\$ 37,009
Investments	333,437	0
Total Assets	<u>607,765</u>	<u>37,009</u>
Liabilities:		
Accounts Payable	13	0
Due to Students	0	37,009
Total Liabilities	<u>13</u>	<u>37,009</u>
Net Assets:		
Unrestricted	<u>607,752</u>	<u>0</u>
Total Net Assets	<u>\$ 607,752</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2006

	Private Purpose Trust <u>Special Trust</u> <u>Fund</u>
Additions:	
Contributions:	
Sales	\$ 946
Private Donations	19,667
Total Contributions	<u>20,613</u>
Investment Earnings:	
Interest	23,542
Net Decrease in the Fair Value of Investments	<u>(38,081)</u>
Total Investment Earnings	<u>(14,539)</u>
Total Additions	<u>6,074</u>
Deductions:	
Administrative Expenses	16,601
Community Gifts, Awards and Scholarships	<u>36,641</u>
Total Deductions	<u>53,242</u>
Change in Net Assets	(47,168)
Net Assets at Beginning of Year	<u>654,920</u>
Net Assets End of Year	<u>\$ 607,752</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 168 noncertified and approximately 234 certified teaching personnel and administrative employees providing education to 3,792 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing board and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Metropolitan Dayton Educational Cooperative Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association and the Upper Valley Joint Vocational School. All of the aforementioned entities are jointly governed organizations that provide various services to member school districts, see Note 15 "Jointly Governed Organizations." Sometimes a government may appoint the voting majority of board members for another entity without establishing a bond of financial accountability with that entity that would justify its inclusion as a component unit. Generally accepted accounting principles refer to entities that meet this description as related organizations. The Flesh Public Library was determined to be a related organization, see Note 16. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

Bond Retirement Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Permanent Improvement Fund - The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's major enterprise fund is:

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The Liability Self Insurance Fund accounts for the 10% risk premium applicable to the employee health and dental plans.

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs, gifts and awards for specific students. State law permits the District to appropriate for purposes consistent with the endowment's intent, net appreciation, both realized and unrealized. The agency fund accounts for student managed activities, is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Private purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, income taxes, tuition, grants and entitlements, student fees, and interest on investments.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Current property taxes measurable at June 30, 2006, and which are not intended to finance fiscal year 2006 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2006 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the basis of budgeting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the General Fund is required to be reported. The primary level of budgetary control is at the fund level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. 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 the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement as final budget reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2006.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations may be modified during the year. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget. All amendments and modifications are included in final budget amounts presented.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Basis of Budgeting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

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PIQUA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Basis of Budgeting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	(\$122,805)
Increase (Decrease):	
Accrued Revenues	
at June 30, 2006,	
received during FY 2007	(1,726,964)
Accrued Revenues	
at June 30, 2005,	
received during FY 2006	1,773,015
Accrued Expenditures	
at June 30, 2006,	
paid during FY 2007	3,813,153
Accrued Expenditures	
at June 30, 2005,	
paid during FY 2006	(3,373,533)
FY 2005 Prepaids for FY 2006	3,600
FY 2006 Prepaids for FY 2007	(16,505)
Encumbrances Outstanding	(455,430)
Budget Basis	(\$105,469)

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

H. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

I. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life threshold of five or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

PIQUA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined in 1993 by utilizing the services of Industrial Appraisal Company or by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Land Improvements	25
Building Improvements	25 - 75
Machinery, Equipment, Furniture and Fixtures	5 - 25

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bond	Debt Service Fund
Capital Leases	General Fund
Compensated Absences	General Fund, Title I Fund, Food Services Fund

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 270 days. Upon retirement, employees will receive twenty-five percent of the accumulated sick leave up to a maximum of 67.5 days. The employees are also eligible to receive payment for "earned days", one additional day of pay for each fiscal year the employee has perfect attendance. The payment for these "earned days" are in addition to the maximum of 67.5 days. Employees who retire at the end of the year in which they reach a total of thirty years with the state retirement system will receive a bonus equal to 23% of their base salary. The aforementioned severance is added to the bonus and paid over three years. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

L. Net Assets

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

Of the District's \$1,948,346 in restricted net assets, none is restricted by enabling legislation.

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

M. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

O. Restricted Assets

Restricted assets in the debt service fund represent cash and cash equivalents set aside for outstanding bonds and coupons not yet redeemed. In addition, restricted assets also represent cash and cash equivalents set aside to establish reserves for textbooks and capital acquisition. These reserves are required by state statute.

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, prepaid items, endowments, property taxes, statutory reserves, and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

Q. Estimates

The preparation of the 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 could differ from those estimates.

R. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and interfund charges for the internal service funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2006.

NOTE 2 - ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2006 of \$18,456 in the IDEA-B Fund, \$65,640 in the Title I Fund, \$6,369 in the Title V Fund, \$1,328 in the Poverty Based Assistance Fund and \$21,796 in the Title II-A Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

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PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	\$952,634
Depreciation Expense	(941,230)
	<u>\$11,404</u>

Amount of loss on disposal of capital assets net of proceeds received:

Loss on Disposal of Capital Asset	(\$137,494)
Proceeds Received	(3,269)
	<u>(\$140,763)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$47,040)
Increase in Grants Receivable	350,664
	<u>\$303,624</u>

Net amount of long-term debt issuance and bond and lease principal payments:

Bond Principal Payment	\$780,000
Capital Lease Payment	101,401
Deferred Loss on Early Retirement of Debt	(42,440)
Deferred Bond Issuance Cost	(8,502)
Bond Premium Amortization	50,943
Interest Accretion on Capital Appreciation Bonds	(70,941)
	<u>\$810,461</u>

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

PIQUA CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The District's policy is to deposit funds with banking institutions which collateralize public monies in accordance with the Ohio Revised Code.

At year end the carrying amount of the District's deposits was \$7,212,116 and the bank balance was \$7,709,913. Federal depository insurance covered \$100,000 of the bank balance and \$7,609,913 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$7,609,913</u>
Total Balance	<u><u>\$7,609,913</u></u>

B. Investments

The District's investments at June 30, 2006 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
Common Stocks	\$333,437	N/A	\$333,437	\$0	\$0
FNMA	495,780	AAA ^{1,2}	495,780	0	0
FHLB	2,330,084	AAA ^{1,2}	2,330,084 ^a	0	0
FHLM	492,530	AAA ^{1,2}	0	492,530 ^b	0
Total Investments	<u>\$3,651,831</u>		<u>\$3,159,301</u>	<u>\$492,530</u>	<u>\$0</u>

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

¹ Standard & Poor's

² Moody's Investor Service

^a Call Option – January/July, 2007-2008 February/August 2007-2008 April/October 2007-2009.

^b Call Option – January/July, 2007-2009

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 13.6% are FNMA, 63.8% are FHLB, 13.5% are FHLM and 9.1% is common stock.

Custodial Credit Risk – The District's balance of investments are held by the trust department of its banking institution in the District's name. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

NOTE 5 - TAXES

A. Property Tax

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2006 were levied after October 1, 2005 on 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. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 5 - TAXES (Continued)

A. Property Tax (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Piqua City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2006, upon which the 2005 levies were based, were as follows:

	2005 Second Half <u>Collections</u>	2006 First Half <u>Collections</u>
Agricultural/Residential and Other Real Estate	\$362,252,930	\$367,838,530
Public Utility Personal	7,340,430	6,919,730
Tangible Personal Property	<u>67,163,130</u>	<u>65,430,770</u>
Total Assessed Value	<u>\$436,756,490</u>	<u>\$440,189,030</u>
Tax rate per \$1,000 of assessed valuation	\$45.31	\$45.05

B. Income Tax

The District levies a voted tax of 1/2 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991 and is for a continuing period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 6 – INTERFUND TRANSACTIONS

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at June 30, 2006 of \$374,837 which is offset in the Governmental Activities by the same amount.

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

Following is a summary of interfund receivables/payables for all funds at June 30, 2006:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$339,779	\$0
Other Governmental Funds	<u>0</u>	<u>339,779</u>
Totals	<u>\$339,779</u>	<u>\$339,779</u>

These Interfund Loans are short-term loans to cover a temporary cash deficit.

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2006:

Historical Cost:

Class	June 30, 2005	Additions	Deletions	June 30, 2006
Capital assets not being depreciated:				
Land	\$323,722	\$0	\$0	\$323,722
Construction in Progress	164,919	62,728	(136,920)	90,727
	<u>488,641</u>	<u>62,728</u>	<u>(136,920)</u>	<u>414,449</u>
Capital assets being depreciated:				
Land Improvements	1,901,176	106,216	0	2,007,392
Buildings and Improvements	30,849,308	342,472	0	31,191,780
Machinery and Equipment	5,029,645	405,518	(28,086)	5,407,077
Vehicles	1,888,459	35,700	0	1,924,159
Total Cost	<u>\$40,157,229</u>	<u>\$952,634</u>	<u>(\$165,006)</u>	<u>\$40,944,857</u>

Accumulated Depreciation:

Class	June 30, 2005	Additions	Deletions	June 30, 2006
Land Improvements	(\$162,990)	(\$37,806)	\$0	(\$200,796)
Buildings and Improvements	(7,939,425)	(461,114)	0	(8,400,539)
Machinery and Equipment	(3,413,408)	(324,706)	24,243	(3,713,871)
Vehicles	(1,069,408)	(117,604)	0	(1,187,012)
Total Depreciation	<u>(\$12,585,231)</u>	<u>(\$941,230) *</u>	<u>\$24,243</u>	<u>(\$13,502,218)</u>
Net Value:	<u>\$27,571,998</u>			<u>\$27,442,639</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$660,153
Support Services:	
Pupils	351
Instructional Staff	2,219
Administration	78,741
Fiscal Services	239
Operations & Maintenance of Plant	36,586
Pupil Transportation	103,729
Auxiliary Services	3,370
Extracurricular Activities	55,842
Total Depreciation Expense	<u>\$941,230</u>

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2006:

Historical Cost:

Class	June 30, 2005	Additions	Deletions	June 30, 2006
Machinery and Equipment	\$887,463	\$16,791	(\$28,299)	\$875,955
Total Cost	<u>\$887,463</u>	<u>\$16,791</u>	<u>(\$28,299)</u>	<u>\$875,955</u>

Accumulated Depreciation:

Class	June 30, 2005	Additions	Deletions	June 30, 2006
Machinery and Equipment	(\$527,363)	(\$30,651)	\$25,765	(\$532,249)
Total Depreciation	<u>(\$527,363)</u>	<u>(\$30,651)</u>	<u>\$25,765</u>	<u>(\$532,249)</u>
<i>Net Value:</i>	<u>\$360,100</u>	<u>(\$13,860)</u>	<u>(\$2,534)</u>	<u>\$343,706</u>

NOTE 9 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts, intergovernmental, interest and interfund loans receivable.

NOTE 10- DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2006, 10.58% was allocated to fund the pension benefit and 3.42% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$620,208, \$589,008, and \$569,460, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more 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. The portion of the 2006 employer contribution rate that was used to fund health care for the year 2006 was 3.42%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2006, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The amount contributed to fund health care benefits, including the surcharge amounted to \$214,907.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ended June 30, 2005 (latest information available) were \$178,221,113. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005 (latest information available), the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at www.strsoh.org.

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2005, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$1,805,064, \$1,744,080, and \$1,663,224, respectively, which were equal to the required contributions for each year.

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2005, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$128,933 for the District. The balance of the Health Care Stabilization Fund was \$3.3 billion at June 30, 2005. For the fiscal year ended June 30, 2005, the net health care costs paid by STRS were \$254,780,000. There were 115,395 eligible benefit recipients.

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bonds, compensated absences, and capital leases of the District for the year ended June 30, 2006 is as follows:

		Balance			Balance	Amount Due
		June 30, 2005	Additions	Deductions	June 30, 2006	Within One Year
Governmental Activities:						
General Obligation Bonds:						
School Improvement	4.75-12.5%	\$1,220,432	\$0	(\$555,000)	\$665,432	\$197,721
School Improvement Refunding	3.00-4.2%	8,389,990	0	(225,000)	8,164,990	100,000
Bond Premium		713,198	0	(50,943)	662,255	0
Deferred Loss on Early Retirement		(594,167)	42,440	0	(551,727)	0
		9,729,453	42,440	(830,943)	8,940,950	297,721
Interest Accretion		6,093	70,941	0	77,034	0
Total General Obligation Bonds:		9,735,546	113,381	(830,943)	9,017,984	297,721
Capital Leases Payable		491,568	0	(101,401)	390,167	109,456
Compensated Absences		2,654,997	2,336,825	(2,654,997)	2,336,825	287,647
Total Governmental Activities		12,882,111	2,450,206	(3,587,341)	11,744,976	694,824
Business-Type Activities:						
Compensated Absences		69,640	67,455	(69,640)	67,455	0
Total Other						
Long-Term Obligations		\$12,951,751	\$2,517,661	(\$3,656,981)	\$11,812,431	\$694,824

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2006, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2007	\$297,721	\$716,546	\$1,014,267
2008	275,142	735,626	1,010,768
2009	270,141	751,864	1,022,005
2010	262,429	765,375	1,027,804
2011	710,000	292,868	1,002,868
2012-2016	2,894,989	2,167,252	5,062,241
2017-2021	4,120,000	409,420	4,529,420
Totals	<u>\$8,830,422</u>	<u>\$5,838,951</u>	<u>\$14,669,373</u>

B. Defeased Debt

In April 2005, the District defeased \$8,390,000 of General Obligation Bonds for School Building Improvements, dated November 15, 1997, through the issuance of \$8,389,990 of General Obligation Bonds. The net proceeds of the 2005 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$8,390,000 at June 30, 2006, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

The District reduced its aggregate debt service payments over the life of the refunded bonds by \$545,255 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$323,460.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 12 - CAPITAL LEASE COMMITMENTS

The District is obligated under several leases accounted for as capital leases. The cost of the leased assets (Machinery and Equipment - copiers) is accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Other Long-Term Obligations. The original cost of the assets under capital lease was \$538,893.

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

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2007	\$135,435
2008	134,953
2009	132,119
2010	40,977
Minimum Lease Payments	443,484
Less: Amount representing interest at the District's incremental borrowing rate of interest	(53,317)
Present value of minimum lease payments	<u>\$390,167</u>

NOTE 13 - 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; and natural disasters.

The District participates in the Ohio School Risk Sharing Authority (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a nine member board consisting of superintendents, treasurers and business managers.

The Frank Gates Service Company is responsible for processing claims. Willis Pooling serves as the Plan's administrator, sales representative, and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Suite 900, Dublin, Ohio 43017.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 13 - RISK MANAGEMENT (Continued)

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The District established the Self Insurance Fund during fiscal year 1997 to account for the proceeds of the contingent premium program administered by Anthem Blue Cross and Blue Shield. The program allows the District to limit the risk of loss to a pre-determined level while benefiting from cash flow advantages and sharing in gains for positive claims experience. Under the contingent premium program, the District remits to Anthem a reduced insurance premium, 90% of the normal fully insured premium, during the twelve month rating period. The District deposits the difference between the contingent premium and the risk premium, 110% of the normal fully insured premium, into the Self Insurance Fund. The risk premium is the maximum liability rate established at the beginning of the contract year. Incurred claims and administrative expenses are calculated at the end of every twelve month period. If the total expenses for the year are equal to or below the amount paid in the contingent premium, no additional payment is due. If total expenses exceed the contingent premium, the District must pay the excess, but only up to the risk premium. Settlement has not yet occurred for fiscal year end 2006, but the maximum amount of additional premium that may be levied against the District is \$909,535.

NOTE 14 – STATUTORY RESERVES

As stated in House Bill 412 and revised in House Bill 345, school districts are required to maintain two reserves; one for capital acquisition and maintenance and one for textbooks and other instructional materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

The following demonstrates the District's compliance with set-aside requirements in House Bill 412:

	Textbook Reserve	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2005	\$361,574	(\$3,025,394)
Current Year Set-Aside Requirement	525,447	525,447
Current Year Offset Credits	0	(1,087,852)
Qualifying Disbursements	(682,156)	(264,424)
Total	<u>\$204,865</u>	<u>(\$3,852,223)</u>
Set-aside Cash Balance		
Carried Forward to FY 2007	<u>\$204,865</u>	<u>(\$3,025,394)</u>
Amount Restricted for Textbook Reserve:	<u>\$204,865</u>	

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 14 – STATUTORY RESERVES (Continued)

The District had additional offsets and qualifying disbursements during the year in the Textbook set-aside that may be used to reduce the set-aside requirements of future years. The District also had permanent improvement levy additional offset and qualifying disbursements during the year in the Capital Acquisition set-aside that may be used to reduce the set-aside requirements of future years.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Dayton Educational Cooperative Association

The Metropolitan Dayton Educational Cooperative Association (MDECA) is a not-for-profit computer service organization, whose primary function is to provide information technology services to its member school districts with some emphasis being placed on accounting, payroll, personnel records and inventory control services. Other areas of service provided by MDECA include student scheduling, attendance reporting, grade reporting, Internet services and curriculum technology support.

The MDECA is one of twenty-three regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as “Data Acquisition Sites.” The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education, comprise a statewide delivery system to provide comprehensive, cost-effective accounting and other administrative and instructional computer services for participating Ohio school districts. Funding for this network and for the MDECA is derived from the State of Ohio and from user fees.

There are currently twenty-seven consortium members (member school districts) in the Ohio counties of Darke, Greene, Miami and Montgomery. These consortium members are comprised of public school districts and educational service centers and are voting members of the MDECA.

The laws governing the Ohio Educational Computer Network require that a board of education serve as a fiscal agent for Data Acquisition Sites receiving state funds. Specifically, Revised Code Section 3301.075 requires MDECA to conform to Revised Code Section 3313.92 in order for the MDECA to receive Ohio Educational Computer Network funds from the State Department of Education. Agreements entered into pursuant to Revised Code Section 3313.92 must be approved by the State Superintendent of Public Instruction, who has interpreted this Revised Code Section to require a board of education to serve as a fiscal agent for a Data Acquisition Site receiving funds from the Ohio Education Computer Network.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

A. Metropolitan Dayton Educational Cooperative Association (Continued)

For this reason, the Montgomery Education Service Center serves as the fiscal agent for the MDECA and performs certain functions that might otherwise be performed by the MDECA Board of Directors in order to ensure receipt of funds from the Ohio Educational Computer Network. Essentially, these functions are to apply for and maintain the Data Acquisition Site permit for the central data processing equipment and to hold legal title to the central data processing equipment. During fiscal year 2006, the Piqua City School District paid \$160,986 to MDECA. The MDECA's office is located in Dayton, Ohio, 225 Linwood Drive, 45405.

B. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to the SOEPC are made from the General Fund. During fiscal year 2006, the Piqua City School District paid \$1,872 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, Director, 1831 Harshman Road, Dayton, Ohio 45424.

C. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of this corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren. Montgomery, Greene and Butler Counties shall elect two representatives per area. All superintendents except for those from educational service centers vote on the representatives after the remaining committee nominates run. One at-large non-public representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher educational representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Southwestern Ohio Instructional Technology Association (Continued)

All member districts are obligated to pay fees, charges or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2006, the Piqua City School District paid \$4,553 to the SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, Director, 150 East Sixth Street, Franklin, Ohio 45005.

D. Upper Valley Joint Vocational School

The Upper Valley Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each participating School District's elected board. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from William Stump, who serves as Treasurer, 8811 Career Drive, Piqua, Ohio 45356.

NOTE 16 – RELATED ORGANIZATION

The Flesh Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Piqua City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Flesh Public Library, William H. Stump, Clerk/Treasurer, 124 W. Greene Street, Piqua, Ohio 45356.

NOTE 17 - CONTINGENCIES

A. Grants

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

NOTE 17 – CONTINGENCIES (Continued)

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2006.

C. State School Funding

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

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

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statements No. 44 "*Economic Condition Reporting: The Statistical Section*" and No. 46 "*Net Assets Restricted by Enabling Legislation.*" Statement No. 44 establishes and modifies requirements related to the supplementary information presented as the statistical section. Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. The application of these new standards did not have an effect on the financial statements, nor did implementation require a restatement of prior year balances.

PIQUA CITY SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS*

PIQUA CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Public School Support Fund

To account for specific local revenue sources, other than taxes that are restricted to expenditures for specified purposes, curricular and extracurricular, approved by board resolutions.

Other Grant Fund

To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

District Managed Activity Fund

To account for student activity programs which have student participation in the activity without involvement in the management of the program. Typically this includes athletic programs, band, cheerleaders and other similar activities.

Auxiliary Services Fund

To account for monies which provide services and materials to pupils attending non-public schools within the District.

Management Information System Fund

To account for costs related to hardware and software development or other costs associated with the requirements of the management information system.

Disadvantaged Pupil Impact Aid Fund

To account for monies received for the disadvantaged pupil impact aid. (The Balance Sheet is not presented because there are no assets or liabilities at year end.) This fund only exists on a GAAP basis and therefore no budgetary schedule is presented.)

SchoolNet Professional Development Fund

To account for funds from a State grant to provide professional development for staff in technology.

OhioReads Fund

To account for grant monies to be used for improving reading outcomes, especially on the fourth grade reading proficiency test and for operating expenditures associated with administering the program.

Summer Intervention Fund

To account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Ohio Revised Code. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

PIQUA CITY SCHOOL DISTRICT

Special Revenue Funds

School Conflict Management Grant Fund

To account for monies received to provide programs in the junior high schools dealing with conflict resolution.

IDEA-B Fund

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

Title I Fund

To account for financial assistance received from federal program to meet the special needs of educationally deprived children.

Title V Fund

To account for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service training and staff development.

Title IV-A Fund

To account for grant funds to be used for drug abuse prevention, early intervention, rehabilitation referral and education.

Poverty Based Assistance Fund

To account for disadvantaged pupil aid.

2004 One Net Fund

To account for grant monies to help implement internet technologies into the teaching and learning process (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Title II-A Fund

To account for federal revenues which support class reduction in grades 1-3 through employment of teachers in fiscal year 2002.

Miscellaneous Federal Grant Fund

To account for federal revenues which support class reduction in grades 1-3 through employment of teachers in fiscal year 2004.

(Continued)

PIQUA CITY SCHOOL DISTRICT

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Replacement Fund

To account for monies used in the rebuilding, restoration or improvement of property which has been totally or partially destroyed due to any cause.

SchoolNet Plus Fund

To account for monies received from state grant to provide computer workstations for all classrooms, grades K-4.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the District's programs.

Permanent Fund

To account for monies, securities or lands which have been set aside as an investment for public school purposes. The income from this fund is used for purposes as designated by the donor.

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 575,925	\$ 122,794	\$ 65,508	\$ 764,227
Receivables:				
Accounts	4,052	0	0	4,052
Intergovernmental	791,623	0	0	791,623
Total Assets	\$ 1,371,600	\$ 122,794	\$ 65,508	\$ 1,559,902
Liabilities:				
Accounts Payable	\$ 22,421	\$ 0	\$ 0	\$ 22,421
Accrued Wages and Benefits	187,437	0	0	187,437
Intergovernmental Payable	40,636	0	0	40,636
Interfund Loans Payable	339,779	0	0	339,779
Deferred Revenue	350,664	0	0	350,664
Total Liabilities	940,937	0	0	940,937
Fund Balance:				
Reserved for Encumbrances	131,640	0	0	131,640
Reserved for Endowments	0	0	65,508	65,508
Unreserved, Undesignated in:				
Special Revenue Funds	299,023	0	0	299,023
Capital Projects Funds	0	122,794	0	122,794
Total Fund Balance	430,663	122,794	65,508	618,965
Total Liabilities and Fund Balance	\$ 1,371,600	\$ 122,794	\$ 65,508	\$ 1,559,902

PIQUA CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Local Sources:				
Investment Earnings	\$ 10,254	\$ 3,152	\$ 1,263	\$ 14,669
Extracurricular Activities	392,676	0	0	392,676
Intermediate Sources	14,137	0	0	14,137
Intergovernmental - State	430,188	0	0	430,188
Intergovernmental - Federal	1,857,077	0	0	1,857,077
All Other Revenue	125,758	0	5,188	130,946
Total Revenue	<u>2,830,090</u>	<u>3,152</u>	<u>6,451</u>	<u>2,839,693</u>
Expenditures:				
Current:				
Instruction	2,158,008	0	0	2,158,008
Supporting Services:				
Pupils	105,040	0	2,150	107,190
Instructional Staff	214,489	0	0	214,489
Administration	12,991	0	0	12,991
Fiscal Services	2,307	0	0	2,307
Operation and Maintenance of Plant	300	0	0	300
Pupil Transportation	8,177	0	0	8,177
Operation of Non-Instructional Services	294,329	0	0	294,329
Extracurricular Activities	335,065	0	0	335,065
Total Expenditures	<u>3,130,706</u>	<u>0</u>	<u>2,150</u>	<u>3,132,856</u>
Excess (Deficiency) of Revenues Over Expenditures	(300,616)	3,152	4,301	(293,163)
Other Financing Sources (Uses):				
Sale of Capital Assets	1,264	0	0	1,264
Total Other Financing Sources (Uses)	<u>1,264</u>	<u>0</u>	<u>0</u>	<u>1,264</u>
Net Change in Fund Balance	(299,352)	3,152	4,301	(291,899)
Fund Balance at Beginning of Year	<u>730,015</u>	<u>119,642</u>	<u>61,207</u>	<u>910,864</u>
Fund Balance End of Year	<u>\$ 430,663</u>	<u>\$ 122,794</u>	<u>\$ 65,508</u>	<u>\$ 618,965</u>

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006**

	Public School Support	Other Grant	District Managed Activity	Auxiliary Services	Management Information System
Assets:					
Cash and Cash Equivalents	\$ 94,150	\$ 9,268	\$ 320,389	\$ 65,329	\$ 72,410
Receivables:					
Accounts	444	0	3,608	0	0
Intergovernmental	0	0	0	0	0
Total Assets	<u>\$ 94,594</u>	<u>\$ 9,268</u>	<u>\$ 323,997</u>	<u>\$ 65,329</u>	<u>\$ 72,410</u>
Liabilities:					
Accounts Payable	\$ 1,863	\$ 210	\$ 13,102	\$ 3,170	\$ 0
Accrued Wages and Benefits	0	0	0	9,381	0
Intergovernmental Payable	100	0	1,300	1,872	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	<u>1,963</u>	<u>210</u>	<u>14,402</u>	<u>14,423</u>	<u>0</u>
Fund Balance:					
Reserved for Encumbrances	3,835	216	15,824	57,007	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	88,796	8,842	293,771	(6,101)	72,410
Total Fund Balance (Deficit)	<u>92,631</u>	<u>9,058</u>	<u>309,595</u>	<u>50,906</u>	<u>72,410</u>
Total Liabilities and Fund Balance	<u>\$ 94,594</u>	<u>\$ 9,268</u>	<u>\$ 323,997</u>	<u>\$ 65,329</u>	<u>\$ 72,410</u>

PIQUA CITY SCHOOL DISTRICT

Schoolnet Professional Development	OhioReads	School Conflict Management Grant	IDEA-B	Title I	Title V	Title IV-A
\$ 2,793	\$ 5,292	\$ 703	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	240,054	406,497	0	17,586
<u>\$ 2,793</u>	<u>\$ 5,292</u>	<u>\$ 703</u>	<u>\$ 240,054</u>	<u>\$ 406,497</u>	<u>\$ 0</u>	<u>\$ 17,586</u>
\$ 0	\$ 3,306	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	34,180	116,093	0	0
1,166	186	0	6,157	24,008	95	0
0	0	0	77,275	192,302	6,274	5,025
<u>0</u>	<u>0</u>	<u>0</u>	<u>140,898</u>	<u>139,734</u>	<u>0</u>	<u>12,561</u>
<u>1,166</u>	<u>3,492</u>	<u>0</u>	<u>258,510</u>	<u>472,137</u>	<u>6,369</u>	<u>17,586</u>
0	10,204	0	30,555	4,670	0	0
1,627	(8,404)	703	(49,011)	(70,310)	(6,369)	0
<u>1,627</u>	<u>1,800</u>	<u>703</u>	<u>(18,456)</u>	<u>(65,640)</u>	<u>(6,369)</u>	<u>0</u>
<u>\$ 2,793</u>	<u>\$ 5,292</u>	<u>\$ 703</u>	<u>\$ 240,054</u>	<u>\$ 406,497</u>	<u>\$ 0</u>	<u>\$ 17,586</u>

(Continued)

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006**

	<u>Poverty Based Assistance</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 5,591	\$ 575,925
Receivables:				
Accounts	0	0	0	4,052
Intergovernmental	0	114,373	13,113	791,623
Total Assets	<u>\$ 0</u>	<u>\$ 114,373</u>	<u>\$ 18,704</u>	<u>\$ 1,371,600</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 770	\$ 0	\$ 22,421
Accrued Wages and Benefits	0	27,783	0	187,437
Intergovernmental Payable	1,328	4,355	69	40,636
Interfund Loans Payable	0	58,903	0	339,779
Deferred Revenue	0	44,358	13,113	350,664
Total Liabilities	<u>1,328</u>	<u>136,169</u>	<u>13,182</u>	<u>940,937</u>
Fund Balance:				
Reserved for Encumbrances	0	8,527	802	131,640
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	(1,328)	(30,323)	4,720	299,023
Total Fund Balance (Deficit)	<u>(1,328)</u>	<u>(21,796)</u>	<u>5,522</u>	<u>430,663</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 114,373</u>	<u>\$ 18,704</u>	<u>\$ 1,371,600</u>



PIQUA CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006**

	Public School Support	Other Grant	District Managed Activity	Auxiliary Services	Management Information System
Revenues:					
Local Sources:					
Investment Earnings	\$ 2,208	\$ 0	\$ 6,327	\$ 1,719	\$ 0
Extracurricular Activities	100,507	0	292,169	0	0
Intermediate Sources	0	14,137	0	0	0
Intergovernmental - State	0	1,000	0	217,631	11,844
Intergovernmental - Federal	0	0	0	0	0
All Other Revenue	34,304	2,427	88,320	0	0
Total Revenue	<u>137,019</u>	<u>17,564</u>	<u>386,816</u>	<u>219,350</u>	<u>11,844</u>
Expenditures:					
Current:					
Instruction	132,013	8,949	0	0	0
Supporting Services:					
Pupils	0	1,598	5,662	0	0
Instructional Staff	5,171	0	0	0	0
Administration	3,796	0	0	0	0
Fiscal Services	0	0	0	0	0
Operation and Maintenance of Plant	0	0	300	0	0
Pupil Transportation	5,217	500	478	0	0
Operation of Non-Instructional Services	0	0	0	221,332	0
Extracurricular Activities	0	2,810	332,255	0	0
Total Expenditures	<u>146,197</u>	<u>13,857</u>	<u>338,695</u>	<u>221,332</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,178)	3,707	48,121	(1,982)	11,844
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	1,264	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,264</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(9,178)	3,707	49,385	(1,982)	11,844
Fund Balance (Deficit) at Beginning of Year	<u>101,809</u>	<u>5,351</u>	<u>260,210</u>	<u>52,888</u>	<u>60,566</u>
Fund Balance (Deficit) End of Year	<u>\$ 92,631</u>	<u>\$ 9,058</u>	<u>\$ 309,595</u>	<u>\$ 50,906</u>	<u>\$ 72,410</u>

PIQUA CITY SCHOOL DISTRICT

Disadvantaged Pupil Impact Aid	SchoolNet Professional Development	OhioReads	Summer Intervention	School Conflict Management Grant	IDEA-B	Title I
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	3,925	51,235	710	0	0	0
0	0	0	0	0	877,390	762,757
<u>707</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>707</u>	<u>3,925</u>	<u>51,235</u>	<u>710</u>	<u>0</u>	<u>877,390</u>	<u>762,757</u>
0	0	7,693	10,988	0	908,244	724,089
0	0	0	0	0	0	96,318
0	596	43,760	0	1,185	0	100,335
0	3,312	0	0	0	0	0
0	0	0	0	0	0	2,307
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	50,630	19,467
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>3,908</u>	<u>51,453</u>	<u>10,988</u>	<u>1,185</u>	<u>958,874</u>	<u>942,516</u>
707	17	(218)	(10,278)	(1,185)	(81,484)	(179,759)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
707	17	(218)	(10,278)	(1,185)	(81,484)	(179,759)
<u>(707)</u>	<u>1,610</u>	<u>2,018</u>	<u>10,278</u>	<u>1,888</u>	<u>63,028</u>	<u>114,119</u>
<u>\$ 0</u>	<u>\$ 1,627</u>	<u>\$ 1,800</u>	<u>\$ 0</u>	<u>\$ 703</u>	<u>\$ (18,456)</u>	<u>\$ (65,640)</u>

(Continued)

PIQUA CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006**

	Title V	Title IV-A	Poverty Based Assistance	2004 One Net	Title II-A
Revenues:					
Local Sources:					
Investment Earnings	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Extracurricular Activities	0	0	0	0	0
Intermediate Sources	0	0	0	0	0
Intergovernmental - State	0	0	116,843	27,000	0
Intergovernmental - Federal	12,186	12,561	0	0	188,876
All Other Revenue	0	0	0	0	0
Total Revenue	12,186	12,561	116,843	27,000	188,876
Expenditures:					
Current:					
Instruction	10,431	12,561	118,171	21,117	203,752
Supporting Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	53,468
Administration	0	0	0	5,883	0
Fiscal Services	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	1,982	0	0	0	0
Operation of Non-Instructional Services	975	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	13,388	12,561	118,171	27,000	257,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,202)	0	(1,328)	0	(68,344)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(1,202)	0	(1,328)	0	(68,344)
Fund Balance (Deficit) at Beginning of Year	(5,167)	0	0	0	46,548
Fund Balance (Deficit) End of Year	\$ (6,369)	\$ 0	\$ (1,328)	\$ 0	\$ (21,796)

PIQUA CITY SCHOOL DISTRICT

Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ 0	\$ 10,254
0	392,676
0	14,137
0	430,188
3,307	1,857,077
0	125,758
3,307	2,830,090
0	2,158,008
1,462	105,040
9,974	214,489
0	12,991
0	2,307
0	300
0	8,177
1,925	294,329
0	335,065
13,361	3,130,706
(10,054)	(300,616)
0	1,264
0	1,264
(10,054)	(299,352)
15,576	730,015
\$ 5,522	\$ 430,663

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006**

	<u>Replacement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 90,244	\$ 32,550	\$ 122,794
Total Assets	<u>\$ 90,244</u>	<u>\$ 32,550</u>	<u>\$ 122,794</u>
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balance:			
Unreserved, Undesignated in:			
Capital Projects Funds	<u>90,244</u>	<u>32,550</u>	<u>122,794</u>
Total Fund Balance	<u>90,244</u>	<u>32,550</u>	<u>122,794</u>
Total Liabilities and Funds Balance	<u>\$ 90,244</u>	<u>\$ 32,550</u>	<u>\$ 122,794</u>

PIQUA CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006**

	<u>Replacement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Local Sources:			
Investment Earnings	\$ 3,152	\$ 0	\$ 3,152
Total Revenue	<u>3,152</u>	<u>0</u>	<u>3,152</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	3,152	0	3,152
Fund Balance at Beginning of Year	<u>87,092</u>	<u>32,550</u>	<u>119,642</u>
Fund Balance End of Year	<u><u>\$ 90,244</u></u>	<u><u>\$ 32,550</u></u>	<u><u>\$ 122,794</u></u>

PIQUA CITY SCHOOL DISTRICT

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

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,143,777</u>	<u>\$ 1,114,757</u>	<u>\$ (29,020)</u>
Total Expenditures and Other Financing Uses	<u>1,140,500</u>	<u>1,128,454</u>	<u>12,046</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,277	(13,697)	(16,974)
Fund Balance at Beginning of Year	491,148	491,148	0
Fund Balance at End of Year	<u><u>\$ 494,425</u></u>	<u><u>\$ 477,451</u></u>	<u><u>\$ (16,974)</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,207,254</u>	<u>\$ 1,217,444</u>	<u>\$ 10,190</u>
Total Expenditures and Other Financing Uses	<u>1,821,927</u>	<u>1,819,988</u>	<u>1,939</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(614,673)	(602,544)	12,129
Fund Balance at Beginning of Year	602,940	602,940	0
Prior Year Encumbrances	<u>480,480</u>	<u>480,480</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 468,747</u></u>	<u><u>\$ 480,876</u></u>	<u><u>\$ 12,129</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 162,212</u>	<u>\$ 136,828</u>	<u>\$ (25,384)</u>
Total Expenditures and Other Financing Uses	<u>258,247</u>	<u>152,299</u>	<u>105,948</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(96,035)	(15,471)	80,564
Fund Balance at Beginning of Year	87,108	87,108	0
Prior Year Encumbrances	<u>17,063</u>	<u>17,063</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 8,136</u></u>	<u><u>\$ 88,700</u></u>	<u><u>\$ 80,564</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	OTHER GRANT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 19,923	\$ 17,564	\$ (2,359)
 Total Expenditures and Other Financing Uses	 21,606	 14,073	 7,533
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (1,683)	 3,491	 5,174
 Fund Balance at Beginning of Year	 5,289	 5,289	 0
Prior Year Encumbrances	62	62	0
Fund Balance at End of Year	\$ 3,668	\$ 8,842	\$ 5,174

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 619,108	\$ 390,170	\$ (228,938)
Total Expenditures and Other Financing Uses	<u>837,895</u>	<u>359,023</u>	<u>478,872</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(218,787)	31,147	249,934
Fund Balance at Beginning of Year	238,694	238,694	0
Prior Year Encumbrances	<u>24,272</u>	<u>24,272</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 44,179</u>	<u>\$ 294,113</u>	<u>\$ 249,934</u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 220,522	\$ 220,989	\$ 467
Total Expenditures and Other Financing Uses	288,999	284,316	4,683
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(68,477)	(63,327)	5,150
Fund Balance at Beginning of Year	429	429	0
Prior Year Encumbrances	68,049	68,049	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 5,151</u>	<u>\$ 5,150</u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

MANAGEMENT INFORMATION SYSTEM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 11,844	\$ 11,844	\$ 0
Total Expenditures and Other Financing Uses	<u>11,844</u>	<u>0</u>	<u>11,844</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	11,844	11,844
Fund Balance at Beginning of Year	60,566	60,566	0
Fund Balance at End of Year	<u>\$ 60,566</u>	<u>\$ 72,410</u>	<u>\$ 11,844</u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 3,300	\$ 3,925	\$ 625
Total Expenditures and Other Financing Uses	<u>3,925</u>	<u>2,742</u>	<u>1,183</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(625)	1,183	1,808
Fund Balance at Beginning of Year	<u>1,610</u>	<u>1,610</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 985</u></u>	<u><u>\$ 2,793</u></u>	<u><u>\$ 1,808</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

OHIOREADS FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 69,867	\$ 55,009	\$ (14,858)
 Total Expenditures and Other Financing Uses	69,626	66,102	3,524
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	241	(11,093)	(11,334)
 Fund Balance at Beginning of Year	1,248	1,248	0
Prior Year Encumbrances	1,626	1,626	0
Fund Balance at End of Year	\$ 3,115	\$ (8,219)	\$ (11,334)

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 710</u>	<u>\$ 710</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>15,683</u>	<u>15,684</u>	<u>(1)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(14,973)	(14,974)	(1)
Fund Balance at Beginning of Year	21	21	0
Prior Year Encumbrances	<u>14,953</u>	<u>14,953</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (1)</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>1,205</u>	<u>1,205</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,205)	(1,205)	0
Fund Balance at Beginning of Year	<u>1,908</u>	<u>1,908</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 703</u></u>	<u><u>\$ 703</u></u>	<u><u>\$ 0</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	IDEA-B FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 1,079,705	\$ 839,653	\$ (240,052)
 Total Expenditures and Other Financing Uses	 1,090,974	 1,033,800	 57,174
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (11,269)	 (194,147)	 (182,878)
 Fund Balance at Beginning of Year	 80,600	 80,600	 0
Prior Year Encumbrances	5,721	5,721	0
Fund Balance at End of Year	\$ 75,052	\$ (107,826)	\$ (182,878)

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 1,174,891</u>	<u>\$ 630,442</u>	<u>\$ (544,449)</u>
 Total Expenditures and Other Financing Uses	 <u>1,077,008</u>	 <u>1,076,840</u>	 <u>168</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 97,883	 (446,398)	 (544,281)
 Fund Balance at Beginning of Year	 231,157	 231,157	 0
Prior Year Encumbrances	<u>18,267</u>	<u>18,267</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 347,307</u></u>	<u><u>\$ (196,974)</u></u>	<u><u>\$ (544,281)</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	TITLE V FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 18,461	\$ 12,186	\$ (6,275)
 Total Expenditures and Other Financing Uses	 18,460	 18,460	 0
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 1	 (6,274)	 (6,275)
 Fund Balance at Beginning of Year	 0	 0	 0
Fund Balance at End of Year	\$ 1	\$ (6,274)	\$ (6,275)

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	TITLE IV-A FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 25,122	\$ 7,536	\$ (17,586)
 Total Expenditures and Other Financing Uses	 25,123	 12,561	 12,562
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (1)	 (5,025)	 (5,024)
 Fund Balance at Beginning of Year	 0	 0	 0
Fund Balance at End of Year	\$ (1)	\$ (5,025)	\$ (5,024)

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 116,843</u>	<u>\$ 116,843</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>116,843</u>	<u>116,843</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	2004 ONE NET FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 0</u>
 Total Expenditures and Other Financing Uses	 <u>27,000</u>	 <u>27,000</u>	 <u>0</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 0	 0	 0
 Fund Balance at Beginning of Year	 <u>0</u>	 <u>0</u>	 <u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

	TITLE II-A FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 336,968	\$ 167,141	\$ (169,827)
 Total Expenditures and Other Financing Uses	 308,961	 308,913	 48
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 28,007	 (141,772)	 (169,779)
 Fund Balance at Beginning of Year	 66,799	 66,799	 0
Prior Year Encumbrances	6,773	6,773	0
Fund Balance at End of Year	\$ 101,579	\$ (68,200)	\$ (169,779)

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006***

MISCELLANEOUS FEDERAL GRANT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 37,838	\$ 17,219	\$ (20,619)
 Total Expenditures and Other Financing Uses	39,563	28,067	11,496
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,725)	(10,848)	(9,123)
 Fund Balance at Beginning of Year	13,912	13,912	0
Prior Year Encumbrances	1,725	1,725	0
Fund Balance at End of Year	\$ 13,912	\$ 4,789	\$ (9,123)

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006***

	REPLACEMENT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 800	\$ 3,152	\$ 2,352
 Total Expenditures and Other Financing Uses	 0	 0	 0
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 800	 3,152	 2,352
 Fund Balance at Beginning of Year	 87,092	 87,092	 0
Fund Balance at End of Year	\$ 87,892	\$ 90,244	\$ 2,352

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	32,550	32,550	0
Fund Balance at End of Year	<u><u>\$ 32,550</u></u>	<u><u>\$ 32,550</u></u>	<u><u>\$ 0</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2006***

	PERMANENT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	(Negative)
Total Revenues and Other Financing Sources	\$ 3,636	\$ 6,451	\$ 2,815
 Total Expenditures and Other Financing Uses	 61,842	 4,200	 57,642
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (58,206)	 2,251	 60,457
 Fund Balance at Beginning of Year	 60,207	 60,207	 0
Prior Year Encumbrances	1,000	1,000	0
Fund Balance at End of Year	\$ 3,001	\$ 63,458	\$ 60,457

PIQUA CITY SCHOOL DISTRICT

Fiduciary Fund

Fiduciary fund types are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund

Student Managed Activity Fund

To account for resources that belong to the student bodies of the various schools for sales and other revenue generating activities.

PIQUA CITY SCHOOL DISTRICT

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006***

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$31,659	\$69,140	(\$63,790)	\$37,009
Total Assets	<u>\$31,659</u>	<u>\$69,140</u>	<u>(\$63,790)</u>	<u>\$37,009</u>
Liabilities:				
Due to Students	\$31,659	\$69,140	(\$63,790)	\$37,009
Total Liabilities	<u>\$31,659</u>	<u>\$69,140</u>	<u>(\$63,790)</u>	<u>\$37,009</u>

PIQUA CITY SCHOOL DISTRICT

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2006***

Capital Assets

Land	\$323,722
Construction in Progress	90,727
Land Improvements	2,007,392
Buildings and Improvements	31,191,780
Machinery and Equipment	5,407,077
Vehicles	1,924,159
	<hr/>
Total Capital Assets	<u><u>\$40,944,857</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1996	\$3,294,812
General Fund	28,146,678
Special Revenue Fund	480,928
Capital Project Funds	5,277,722
Fiduciary Funds	20,872
Capital Leases	538,890
Donations	3,184,955
	<hr/>
Total Investment in Capital Assets	<u><u>\$40,944,857</u></u>

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2006***

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings and Improvements
Instructional Services	\$0	\$24,998	\$0	\$3,524
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal Services	0	0	0	0
Operation and Maintenance of Plant	0	0	0	29,210
Pupil Transportation	0	0	0	55,789
Auxiliary Services	0	0	0	0
Extracurricular Activities	0	0	1,530,691	1,602,330
Facility Acquisition and Improvement	<u>323,722</u>	<u>65,729</u>	<u>476,701</u>	<u>29,500,927</u>
Total Capital Assets	<u><u>\$323,722</u></u>	<u><u>\$90,727</u></u>	<u><u>\$2,007,392</u></u>	<u><u>\$31,191,780</u></u>

PIQUA CITY SCHOOL DISTRICT

<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$3,377,817	\$0	\$3,406,339
13,726	0	13,726
112,069	0	112,069
651,485	0	651,485
1,195	0	1,195
289,082	215,561	533,853
107,326	1,690,798	1,853,913
36,113	0	36,113
465,730	0	3,598,751
352,534	17,800	30,737,413
<u>\$5,407,077</u>	<u>\$1,924,159</u>	<u>\$40,944,857</u>

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2006***

Function and Activity	June 30, 2005	Additions	Deletions	June 30, 2006
Instructional Services	\$3,319,583	\$104,995	(\$18,239)	\$3,406,339
Support Services:				
Pupils	13,726	0	0	13,726
Instructional Staff	112,069	0	0	112,069
Administration	624,648	34,610	(7,773)	651,485
Fiscal Services	1,195	0	0	1,195
Operation and Maintenance of Plant	508,358	25,495	0	533,853
Pupil Transportation	1,853,913	0	0	1,853,913
Auxiliary Services	36,113	0	0	36,113
Extracurricular Activities	3,594,682	6,143	(2,074)	3,598,751
Facility Acquisition and Improvement	30,092,942	781,391	(136,920)	30,737,413
Total Capital Assets	<u>\$40,157,229</u>	<u>\$952,634</u>	<u>(\$165,006)</u>	<u>\$40,944,857</u>

STATISTICAL TABLES

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

Contents

Financial Trends	S 2– S 13
These schedules contain trend information to help the reader understand how the district's financial position has changed over time.	
Revenue Capacity	S 14 – S 23
These schedules contain information to help the reader understand and assess the factors affecting the district's ability to generate its most significant local revenue source, the property tax.	
Debt Capacity	S 24 – S 31
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	
Economic and Demographic Information	S 32 – S 34
These schedules offer economic and demographic indicators to help the reader understand the environment within which the district's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 35 – S 47
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The district implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.

Piqua City School District

*Net Assets by Component
Last Six Years
(accrual basis of accounting)*

	2001	2002	2003
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$13,670,807	\$16,466,243	\$16,509,571
Restricted for:			
Capital Projects	695,274	1,477,057	1,637,564
Debt Service	312,135	352,802	482,876
Other Purposes	775,957	806,691	0
Unrestricted (Deficit)	(886,168)	(96,861)	(399,114)
Total Governmental Activities Net Assets	<u>\$14,568,005</u>	<u>\$19,005,932</u>	<u>\$18,230,897</u>
Business-type Activities:			
Invested in Capital Assets, Net of Related Debt	\$437,108	\$410,407	\$388,091
Unrestricted (Deficit)	518,235	767,568	790,300
Total Business-type Activities Net Assets	<u>\$955,343</u>	<u>\$1,177,975</u>	<u>\$1,178,391</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$14,107,915	\$16,876,650	\$16,897,662
Restricted	1,783,366	2,636,550	2,120,440
Unrestricted (Deficit)	(367,933)	670,707	391,186
Total Primary Government Net Assets	<u>\$15,523,348</u>	<u>\$20,183,907</u>	<u>\$19,409,288</u>

Source: District Treasurer's Office

Piqua City School District

<u>2004</u>	<u>2005</u>	<u>2006</u>
\$16,731,185	\$17,469,998	\$18,034,488
1,966,516	1,336,198	1,076,537
380,838	577,311	509,255
114,806	288,660	362,554
990,003	3,299,555	4,339,254
<u>\$20,183,348</u>	<u>\$22,971,722</u>	<u>\$24,322,088</u>
\$372,947	\$360,100	\$343,706
823,085	869,537	887,314
<u>\$1,196,032</u>	<u>\$1,229,637</u>	<u>\$1,231,020</u>
\$17,104,132	\$17,830,098	\$18,378,194
2,462,160	2,202,169	1,948,346
1,813,088	4,169,092	5,226,568
<u>\$21,379,380</u>	<u>\$24,201,359</u>	<u>\$25,553,108</u>

Piqua City School District

Changes in Net Assets Last Six Years (accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Expenses			
Governmental Activities:			
Instruction	\$16,546,273	\$15,484,610	\$16,881,816
Support Services:			
Pupils	1,377,129	1,373,246	1,485,305
Instructional Staff	1,637,131	1,496,558	1,670,861
Board of Education	8,042	7,669	7,655
Administration	1,856,279	1,841,957	1,989,454
Fiscal Services	494,672	528,655	563,651
Business	66,874	88,768	84,935
Operation and Maintenance of Plant	2,225,755	2,439,177	2,323,836
Pupil Transportation	1,024,551	1,087,088	1,114,543
Central	41,318	30,539	28,787
Operation of Non-Instructional Services	313,795	290,074	277,923
Extracurricular Activities	654,479	829,544	720,679
Interest and Fiscal Charges	566,626	544,837	564,356
<i>Total Governmental Activities Expenses</i>	<u>26,812,924</u>	<u>26,042,722</u>	<u>27,713,801</u>
Business-type Activities:			
Food Service	1,237,209	1,116,316	1,391,897
<i>Total Business-type Activities Expenses</i>	<u>1,237,209</u>	<u>1,116,316</u>	<u>1,391,897</u>
<i>Total Primary Government Expenses</i>	<u>\$28,050,133</u>	<u>\$27,159,038</u>	<u>\$29,105,698</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
Instruction	\$516,400	\$548,260	\$397,793
Support Services:			
Pupils	5,325	3,646	803
Operation and Maintenance of Plant	2,222	1,020	0
Pupil Transportation	39,669	37,215	38,122
Extracurricular Activities	424,590	451,141	277,957
Operating Grants and Contributions	1,944,212	2,202,968	1,917,459
Capital Grants and Contributions	39,000	3,348,034	11,132
<i>Total Governmental Activities Program Revenues</i>	<u>2,971,418</u>	<u>6,592,284</u>	<u>2,643,266</u>

Piqua City School District

2004	2005	2006
\$16,736,129	\$17,846,789	\$18,811,951
1,443,477	1,606,509	1,445,687
1,672,048	1,856,368	2,041,532
9,288	10,002	19,669
2,090,822	2,281,690	2,266,873
669,152	597,052	407,123
74,505	85,456	100,937
2,519,590	2,778,643	2,866,955
1,175,222	1,296,336	1,378,564
64,643	129,257	160,049
316,379	304,911	298,992
679,708	638,177	671,020
522,049	286,314	473,938
<u>27,973,012</u>	<u>29,717,504</u>	<u>30,943,290</u>
<u>1,496,069</u>	<u>1,577,204</u>	<u>1,617,780</u>
<u>1,496,069</u>	<u>1,577,204</u>	<u>1,617,780</u>
<u>\$29,469,081</u>	<u>\$31,294,708</u>	<u>\$32,561,070</u>

\$277,325	\$295,514	\$305,864
468	776	1,263
0	0	0
35,848	37,911	54,948
261,546	336,562	292,169
2,551,904	2,646,302	2,722,204
0	32,550	0
<u>3,127,091</u>	<u>3,349,615</u>	<u>3,376,448</u>

(Continued)

Piqua City School District

*Changes in Net Assets
Last Six Years
(accrual basis of accounting)*

	2001	2002	2003
Business-type Activities:			
Charges for Services			
Food Service	635,981	644,566	643,831
Operating Grants and Contributions	682,951	694,382	757,534
<i>Total Business-type Activities Program Revenues</i>	<u>1,318,932</u>	<u>1,338,948</u>	<u>1,401,365</u>
<i>Total Primary Government Program Revenues</i>	<u>4,290,350</u>	<u>7,931,232</u>	<u>4,044,631</u>
Net (Expense)/Revenue			
Governmental Activities	(23,841,506)	(19,450,438)	(25,070,535)
Business-type Activities	81,723	222,632	9,468
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$23,759,783)</u>	<u>(\$19,227,806)</u>	<u>(\$25,061,067)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$8,196,580	\$8,983,634	\$8,599,770
Debt Service	912,697	936,914	909,637
Capital Outlay	1,045,711	1,112,927	1,084,584
Income Taxes	2,040,034	1,731,104	1,818,714
Grants and Entitlements not			
Restricted to Specific Programs	10,571,598	11,165,388	11,520,196
Investment Earnings	340,827	167,372	120,779
Miscellaneous	87,504	53,576	235,352
Loss on Disposal of Capital Assets	(146,416)	(153,317)	(2,584)
Transfers	0	0	9,052
<i>Total Governmental Activities</i>	<u>23,048,535</u>	<u>23,997,598</u>	<u>24,295,500</u>
Business-type Activities:			
Transfers	0	0	(9,052)
<i>Total Business-type Activities</i>	<u>0</u>	<u>0</u>	<u>(9,052)</u>
<i>Total Primary Government</i>	<u>\$23,048,535</u>	<u>\$23,997,598</u>	<u>\$24,286,448</u>
Change in Net Assets			
Governmental Activities	(\$792,971)	\$4,547,160	(\$775,035)
Business-type Activities	81,723	222,632	416
<i>Total Primary Government Change in Net Assets</i>	<u>(\$711,248)</u>	<u>\$4,769,792</u>	<u>(\$774,619)</u>

Source: District Treasurer's Office

Piqua City School District

2004	2005	2006
683,775	688,474	681,810
829,935	922,335	937,353
<u>1,513,710</u>	<u>1,610,809</u>	<u>1,619,163</u>
<u>4,640,801</u>	<u>4,960,424</u>	<u>4,995,611</u>
(24,845,921)	(26,367,889)	(27,566,842)
17,641	33,605	1,383
<u>(\$24,828,280)</u>	<u>(\$26,334,284)</u>	<u>(\$27,565,459)</u>
\$9,849,084	\$11,202,378	\$10,805,308
915,618	973,504	999,966
1,107,446	1,138,834	1,075,099
1,809,227	1,938,151	2,063,347
12,752,599	13,300,568	13,308,075
68,934	163,025	296,912
295,464	439,803	368,501
0	0	0
0	0	0
<u>26,798,372</u>	<u>29,156,263</u>	<u>28,917,208</u>
0	0	0
0	0	0
<u>\$26,798,372</u>	<u>\$29,156,263</u>	<u>\$28,917,208</u>
\$1,952,451	\$2,788,374	\$1,350,366
17,641	33,605	1,383
<u>\$1,970,092</u>	<u>\$2,821,979</u>	<u>\$1,351,749</u>

Piqua City School District

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$1,417,022	\$1,577,700	\$1,807,056	\$1,763,158
Unreserved	<u>(298,871)</u>	<u>(173,529)</u>	<u>57,600</u>	<u>(247,314)</u>
<i>Total General Fund</i>	<u>1,118,151</u>	<u>1,404,171</u>	<u>1,864,656</u>	<u>1,515,844</u>
All Other Governmental Funds				
Reserved	1,411,028	2,098,376	2,949,939	1,320,299
Unreserved, Undesignated in:				
Special Revenue Funds	383,794	217,038	260,922	133,329
Capital Projects Funds	<u>(861,793)</u>	<u>10,898,647</u>	<u>408,049</u>	<u>534,836</u>
Total All Other Governmental Funds	<u>933,029</u>	<u>13,214,061</u>	<u>3,618,910</u>	<u>1,988,464</u>
<i>Total Governmental Funds</i>	<u><u>\$2,051,180</u></u>	<u><u>\$14,618,232</u></u>	<u><u>\$5,483,566</u></u>	<u><u>\$3,504,308</u></u>

Source: District Treasurer's Office

Piqua City School District

2001	2002	2003	2004	2005	2006
\$1,785,904	\$1,410,741	\$908,531	\$795,741	\$1,456,423	\$1,410,729
(1,367,827)	(1,977,685)	(2,375,623)	(1,286,924)	124,232	47,121
418,077	(566,944)	(1,467,092)	(491,183)	1,580,655	1,457,850
718,907	660,562	628,775	742,935	1,353,394	1,195,149
568,841	486,775	184,770	305,494	583,840	299,023
463,351	1,302,054	1,488,380	1,733,102	726,819	606,341
1,751,099	2,449,391	2,301,925	2,781,531	2,664,053	2,100,513
\$2,169,176	\$1,882,447	\$834,833	\$2,290,348	\$4,244,708	\$3,558,363

Piqua City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1997	1998	1999	2000
Revenues:				
Local Sources:				
Taxes	\$10,287,626	\$10,738,595	\$11,388,378	\$11,732,374
Tuition	38,331	31,801	22,167	35,083
Transportation Fees	28,486	28,546	26,829	22,972
Investment Earnings	265,244	762,853	726,545	331,646
Extracurricular Activities	260,576	258,116	247,761	261,283
Class Materials and Fees	134,252	140,424	143,113	135,185
Intermediate Sources	0	0	0	0
Intergovernmental - State	9,406,368	8,868,913	10,353,710	10,526,125
Intergovernmental - Federal	843,139	872,826	1,302,481	910,749
All Other Revenue	129,009	270,191	182,184	185,414
Total Revenue	<u>21,393,031</u>	<u>21,972,265</u>	<u>24,393,168</u>	<u>24,140,831</u>
Expenditures:				
Current:				
Instruction	12,380,893	11,915,881	13,609,330	14,249,804
Supporting Services:				
Pupils	931,499	1,094,333	1,123,829	1,442,993
Instructional Staff	605,945	1,231,325	1,295,774	1,438,537
Board of Education	6,616	6,648	7,865	8,553
Administration	2,002,632	1,509,030	1,687,586	1,754,447
Fiscal Services	421,774	438,421	459,478	469,476
Business	126,764	49,526	47,670	85,214
Operation and Maintenance of Plant	1,714,213	1,865,836	2,068,994	2,265,892
Pupil Transportation	764,139	808,272	881,502	947,298
Central	26,071	22,061	39,507	37,555
Operation of Non-Instructional Services	239,950	244,108	269,070	249,384
Extracurricular Activities	458,353	443,303	435,478	393,257
Capital Outlay	1,356,499	1,571,218	10,602,119	1,709,889
Debt Service:				
Principal Retirement	453,600	480,400	457,500	694,000
Interest and Fiscal Charges	207,885	471,159	682,931	624,355
Total Expenditures	<u>21,696,833</u>	<u>22,151,521</u>	<u>33,668,633</u>	<u>26,370,654</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(303,802)	(179,256)	(9,275,465)	(2,229,823)

Piqua City School District

2001	2002	2003	2004	2005	2006
\$12,209,859	\$12,588,015	\$12,424,401	\$13,464,803	\$15,296,945	\$14,990,760
24,263	35,940	137,043	18,666	33,062	49,074
39,669	33,836	38,122	35,848	37,911	54,948
296,578	130,558	68,486	42,006	93,786	139,379
393,741	455,162	370,617	353,985	440,335	392,676
155,626	157,204	168,090	166,220	158,679	156,283
2,680	0	0	0	8,842	14,137
11,189,950	11,770,392	11,843,762	13,188,158	13,766,336	13,640,495
1,386,556	1,698,000	1,554,911	2,296,840	2,204,242	2,024,983
467,196	411,390	235,355	295,464	439,803	368,501
<u>26,166,118</u>	<u>27,280,497</u>	<u>26,840,787</u>	<u>29,861,990</u>	<u>32,479,941</u>	<u>31,831,236</u>
15,576,121	16,388,979	16,183,138	16,358,199	17,403,012	18,391,170
1,381,888	1,492,034	1,485,538	1,463,501	1,632,401	1,513,694
1,616,903	1,715,646	1,680,677	1,676,962	1,954,669	2,200,140
8,042	7,669	7,655	9,288	10,002	19,669
1,891,308	1,975,554	1,985,134	2,127,764	2,484,897	2,317,642
490,768	542,155	592,978	619,032	624,953	457,939
67,022	97,136	90,036	77,078	88,423	105,655
2,253,092	2,418,031	2,365,280	2,494,020	2,897,305	2,963,996
1,115,349	1,086,408	1,089,645	1,157,741	1,484,669	1,308,677
41,318	30,539	28,787	62,856	128,722	159,645
297,395	271,086	256,590	290,601	299,653	294,329
606,210	741,995	621,347	572,846	603,368	621,321
994,131	868,120	327,019	145,684	684,360	908,969
415,000	455,000	840,000	850,000	875,000	881,401
568,269	547,607	553,413	524,077	428,301	376,603
<u>27,322,816</u>	<u>28,637,959</u>	<u>28,107,237</u>	<u>28,429,649</u>	<u>31,599,735</u>	<u>32,520,850</u>
(1,156,698)	(1,357,462)	(1,266,450)	1,432,341	880,206	(689,614)

Piqua City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1997	1998	1999	2000
Other Financing Sources (Uses):				
Sale of Capital Assets	3,584	2,047	140,799	7,707
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	11,995,432	0	0
Premium on General Obligation Bonds Issued	0	536,377	0	0
Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Other Financing Sources - Capital Leases	205,522	0	0	242,858
Transfers In	0	0	334,689	289,063
Transfers Out	0	0	(334,689)	(289,063)
Refund of Prior Year Expenditures	229,977	0	0	0
Refund of Prior Year Receipts	(14,631)	0	0	0
Total Other Financing Sources (Uses)	<u>424,452</u>	<u>12,533,856</u>	<u>140,799</u>	<u>250,565</u>
Net Change in Fund Balance	<u><u>\$120,650</u></u>	<u><u>\$12,354,600</u></u>	<u><u>(\$9,134,666)</u></u>	<u><u>(\$1,979,258)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	3.25%	4.62%	4.94%	5.35%

Source: District Treasurer's Office

Piqua City School District

2001	2002	2003	2004	2005	2006
26,725	20,733	2,784	1,579	5,940	3,269
0	1,050,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	9,154,131	0
0	0	0	0	(9,026,607)	0
0	0	0	21,595	538,893	0
0	0	216,809	4,078	423,951	0
0	0	(757)	(4,078)	(22,154)	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>26,725</u>	<u>1,070,733</u>	<u>218,836</u>	<u>23,174</u>	<u>1,074,154</u>	<u>3,269</u>
<u>(\$1,129,973)</u>	<u>(\$286,729)</u>	<u>(\$1,047,614)</u>	<u>\$1,455,515</u>	<u>\$1,954,360</u>	<u>(\$686,345)</u>
3.73%	3.61%	5.02%	4.86%	4.22%	3.99%

Piqua City School District

Assessed Valuations and Estimated True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Calendar Years

Tax year	1996	1997	1998	1999
Real Property				
Assessed	\$252,125,100	\$259,225,930	\$293,663,630	\$300,735,930
Actual	720,357,429	740,645,514	839,038,943	859,245,514
Public Utility				
Assessed	10,854,110	10,890,060	10,998,270	10,586,630
Actual	10,854,110	10,890,060	10,998,270	10,586,630
Tangible Personal Property				
Assessed	61,366,380	68,360,960	72,797,510	81,577,010
Actual	245,465,520	273,443,840	291,190,040	326,308,040
Total				
Assessed	324,345,590	338,476,950	377,459,410	392,899,570
Actual	976,677,059	1,024,979,414	1,141,227,253	1,196,140,184
Assessed Value as a Percentage of Actual Value				
	33.21%	33.02%	33.07%	32.85%
Total Direct Tax Rate				
	40.70	40.70	40.62	40.56

Source: Miami County Auditor

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

The assessed value of real property is fixed at 35% of true value and is determined pursuant to the rules of the State Tax Commissioner.

All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal.

Piqua City School District

2000	2001	2002	2003	2004	2005
\$310,878,670	\$333,483,290	\$338,895,480	\$344,418,880	\$362,252,930	\$367,838,530
888,224,771	952,809,400	968,272,800	984,053,943	1,035,008,371	1,050,967,229
10,154,970	7,357,810	7,755,360	7,417,100	7,340,430	6,919,730
10,154,970	7,357,810	7,755,360	7,417,100	7,340,430	6,919,730
80,763,908	82,471,680	85,311,390	78,654,750	67,163,130	65,430,770
323,055,632	329,886,720	341,245,560	314,619,000	268,652,520	261,723,080
401,797,548	423,312,780	431,962,230	430,490,730	436,756,490	440,189,030
1,221,435,373	1,290,053,930	1,317,273,720	1,306,090,043	1,311,001,321	1,319,610,039
32.90%	32.81%	32.79%	32.96%	33.31%	33.36%
40.60	40.50	40.42	40.42	45.31	45.05

Piqua City School District

*Property Tax Rates of Direct and Overlapping Governments
(per \$1,000 of assessed value)
Last Ten Calendar Years*

	1996	1997	1998	1999
Direct District Rates				
General Fund	35.00	35.00	35.00	35.00
Bond Retirement Fund	1.20	1.20	1.12	2.56
Permanent Improvement Fund	4.50	4.50	4.50	3.00
Total	<u>40.70</u>	<u>40.70</u>	<u>40.62</u>	<u>40.56</u>
Overlapping Rates				
City of Piqua	4.42	4.42	4.43	4.41
Joint Vocational School	4.90	4.90	4.90	4.90
Miami County	7.03	8.82	8.82	8.81
Special Taxing Districts	0.50	0.50	0.50	0.50

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

Miami County Auditor's Office
Miami County Treasurer's Office

Piqua City School District

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
35.00	35.00	35.00	35.00	39.89	39.85
2.60	2.50	2.42	2.42	2.42	2.40
3.00	3.00	3.00	3.00	3.00	2.80
<u>40.60</u>	<u>40.50</u>	<u>40.42</u>	<u>40.42</u>	<u>45.31</u>	<u>45.05</u>
4.45	4.45	4.43	4.43	4.43	4.40
4.90	4.90	4.90	4.90	5.46	5.45
8.83	8.43	9.13	9.13	9.13	9.11
0.50	0.50	0.50	0.50	0.50	0.50

Piqua City School District

*Principal Taxpayers
Tangible Personal Property Tax
Current Year and Nine Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2005		
		Assessed Value	Rank	Percent of Total Assessed Value
Jackson Tube	Manufacturer - Steel Tubing	\$6,188,860	1	9.46%
Evenflo Juvenile	Manufacturer - Juvenile Furniture	5,272,730	2	8.06%
Charter Aerospace Partners Inc.	Manufacturer - Aircraft Propellers	4,878,440	3	7.46%
Miami Valley Steel	Manufacturer - Steel Processing	4,605,100	4	7.04%
Crane Pumps and Systems	Manufacturer - Industrial Pumps	3,167,050	5	4.84%
Illinois Tool Works Inc.	Manufacturer - Specialty Equipment	2,270,150	6	3.47%
Berwick Steel Company	Manufacturer - Steel	1,958,400	7	2.99%
Hartzell Hardwoods	Manufacturer - Hard Lumber	1,940,230	8	2.97%
Industry Products Company	Tool and Die	1,807,610	9	2.76%
Paul Sherry Chevrolet	Automobile Retailer	1,774,870	10	2.71%
Subtotal		33,863,440		51.76%
All Others		31,567,330		48.24%
Total		<u>\$65,430,770</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 1996		
		Assessed Value	Rank	Percent of Total Assessed Value
Hartzell Propeller	Manufacturer - Aircraft Propellers	\$5,026,060	1	8.19%
Evenflo Juvenile	Manufacturer - Juvenile Furniture	4,536,520	2	7.39%
Jackson Tube	Manufacturer - Steel Tubing	3,623,470	3	5.90%
Paul Sherry Chevrolet	Automobile Retailer	3,324,750	4	5.42%
French Oil Mill	Manufacturer - Presses for Oilseed Industry	2,787,010	5	4.54%
Crane Pumps and Systems	Manufacturer - Industrial Pumps	2,393,270	6	3.90%
Hartzell Fan Inc.	Manufacturer - Industrial Air Handlers	2,030,110	7	3.31%
Orr Felt Company	Manufacturer - Papermaker Felts	1,844,800	8	3.01%
Hobart Brothers Company	Manufacturer - Welding/Wire	1,809,300	9	2.95%
Hartzell Hardwoods	Manufacturer - Hard Lumber	1,684,360	10	2.74%
Subtotal		29,059,650		47.35%
All Others		32,306,730		52.65%
Total		<u>\$61,366,380</u>		<u>100.00%</u>

Source: Miami County Auditor - Land and Buildings
Based on valuation of property in 2005 and 1996

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Piqua City School District

*Principal Taxpayers
Real Estate Tax
Current Year and Five Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2005		
		Assessed Value	Rank	Percent of Total Assessed Value
Midamco	Hospitality	\$8,792,120	1	2.39%
Jackson Tube	Manufacturer - Steel Tubing	3,309,570	2	0.90%
Med-Terra Inc.	Real Estate	2,248,840	3	0.61%
Evenflo Juvenile	Manufacturer - Juvenile Furniture	2,229,270	4	0.61%
Home Depot Inc.	Retail	2,090,420	5	0.57%
Miami Valley Realty	Real Estate	1,514,690	6	0.41%
HCF Reality of Garbry	Senior Housing	1,484,810	7	0.40%
HCF Reality of Piqua	Senior Housing	1,384,640	8	0.38%
NK New Plan Exchange	Shopping Mall	1,283,240	9	0.35%
CPI Realty Inc.	Real Estate	1,215,880	10	0.33%
Subtotal		25,553,480		6.95%
All Others		342,285,050		93.05%
Total		\$367,838,530		100.00%

Name of Taxpayer	Nature of Business	Calendar Year 2000		
		Assessed Value	Rank	Percent of Total Assessed Value
Midamco	Hospitality	\$10,305,870	1	3.32%
Troy Piqua Housing Inc.	Real Estate	5,453,550	2	1.75%
I-75 Associates	Real Estate	2,998,670	3	0.96%
Jackson Tube	Manufacturer - Steel Tubing	2,297,370	4	0.74%
Evenflo Juvenile	Manufacturer - Juvenile Furniture	2,138,610	5	0.69%
Med-Terra Inc.	Real Estate	1,991,180	6	0.64%
NK New Plan Exchange	Shopping Mall	1,578,410	7	0.51%
Miami Valley Steel	Manufacturer - Steel Processing	1,382,120	8	0.44%
HCF Reality of Garbry	Senior Housing	1,123,510	9	0.36%
HCF Reality of Piqua	Senior Housing	1,085,000	10	0.35%
Subtotal		30,354,290		9.76%
All Others		280,524,380		90.24%
Total		\$310,878,670		100.00%

Source: Miami County Auditor - Land and Buildings
Based on valuation of property in 2005 and 2000

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.



Piqua City School District

*Principal Taxpayers
Public Utilities Property Tax
Current Year and Five Years Ago*

		Calendar Year 2005		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light Co.	Electricity	\$1,661,510	1	24.01%
Ohio Bell Telephone	Utility	1,899,840	2	27.46%
	Subtotal	3,561,350		51.47%
	All Others	3,358,380		48.53%
	Total	\$6,919,730		100.00%

		Calendar Year 2000		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light Co.	Electricity	\$6,036,360	1	59.44%
Ohio Bell Telephone	Utility	2,569,950	2	25.31%
	Subtotal	8,606,310		84.75%
	All Others	1,548,660		15.24%
	Total	\$10,154,970		99.99%

Source: Miami County Auditor - Land and Buildings
Based on valuation of property in 2005 and 2000

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Piqua City School District

*Property Tax Levies and Collections
Last Ten Years*

Collection Year	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Total Tax Levy	\$9,025,460	\$9,437,879	\$10,202,843	\$10,910,366
Collections within the Fiscal Year of the Levy				
Current Tax Collections	8,665,002	9,300,855	9,472,029	10,232,213
Percent of Levy Collected	96.01%	98.55%	92.84%	93.78%
Delinquent Tax Collections ⁽¹⁾	<u>162,284</u>	<u>244,319</u>	<u>276,586</u>	<u>291,602</u>
Total Tax Collections	8,827,286	9,545,174	9,748,615	10,523,815
Percent of Total Tax Collections To Tax Levy	97.80%	101.14%	95.55%	96.46%
Accumulated Outstanding Delinquent Taxes	228,252	300,816	418,622	331,366
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	2.53%	3.19%	4.10%	3.04%

(1) The County does not identify delinquent tax collections by tax year.

Source: Miami County Auditor's Office

Presented on a calendar year basis because that is the manner
in which the information is maintained by the County.

Piqua City School District

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$11,341,840	\$11,758,537	\$12,134,631	\$12,017,350	\$14,122,098	\$14,192,530
10,991,532	11,128,261	11,692,681	11,686,585	13,777,100	13,882,416
96.91%	94.64%	96.36%	97.25%	97.56%	97.81%
<u>252,431</u>	<u>214,775</u>	<u>287,621</u>	<u>248,690</u>	<u>525,669</u>	<u>607,446</u>
11,243,963	11,343,036	11,980,302	11,935,275	14,302,769	14,489,862
99.14%	96.47%	98.73%	99.32%	101.28%	102.09%
496,884	818,370	965,901	1,107,525	1,093,320	1,184,242
4.38%	6.96%	7.96%	9.22%	7.74%	8.34%

Piqua City School District

*Ratio of Outstanding Debt By Type
Last Ten Years*

	1997	1998	1999	2000
Governmental Activities (1)				
Installment Notes Payable	\$0	\$0	\$0	\$0
General Obligation Bonds Payable	1,631,900	13,146,932	12,689,432	11,995,432
Capital Leases	187,207	150,418	111,021	221,114
Total Primary Government	<u>\$1,819,107</u>	<u>\$13,297,350</u>	<u>\$12,800,453</u>	<u>\$12,216,546</u>
 Population (2)				
Piqua City	20,612	20,612	20,612	20,612
Outstanding Debt Per Capita	\$88	\$645	\$621	\$593
 Income (3)				
Personal (in thousands)	\$493,967	\$522,040	\$533,933	\$547,434
Percentage of Personal Income	0.37%	2.55%	2.40%	2.23%

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation based on previous calendar year.

Piqua City School District

2001	2002	2003	2004	2005	2006
\$0	\$1,050,000	\$700,000	\$350,000	\$0	\$0
11,580,432	11,125,432	10,635,432	10,135,432	9,735,546	9,017,984
166,443	111,772	58,506	20,605	491,568	390,167
<u>\$11,746,875</u>	<u>\$12,287,204</u>	<u>\$11,393,938</u>	<u>\$10,506,037</u>	<u>\$10,227,114</u>	<u>\$9,408,151</u>
20,738	20,738	20,738	20,738	20,738	20,738
\$566	\$592	\$549	\$507	\$493	\$454
\$578,092	\$575,728	\$587,383	\$612,061	\$630,663	\$630,663
2.03%	2.13%	1.94%	1.72%	1.62%	1.49%

Piqua City School District

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	1997	1998	1999	2000
Population ⁽¹⁾	20,612	20,612	20,612	20,612
Assessed Value ⁽²⁾	\$324,345,590	338,476,950	377,459,410	392,899,570
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$1,631,900	13,146,932	12,689,432	11,995,432
Resources Available to Pay Principal ⁽⁴⁾	\$398,112	533,967	259,982	191,193
Net General Bonded Debt	\$1,233,788	12,612,965	12,429,450	11,804,239
Ratio of Net Bonded Debt to Estimated Actual Value	0.38%	3.73%	3.29%	3.00%
Net Bonded Debt per Capita	\$59.86	611.92	603.02	572.69

Source:

(1) U.S. Bureau of Census of Population

(2) Miami County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Piqua City School District

2001	2002	2003	2004	2005	2006
20,738	20,738	20,738	20,738	20,738	20,738
401,797,548	423,312,780	431,962,230	430,490,730	436,756,490	440,189,030
11,580,432	11,125,432	10,635,432	10,135,432	9,735,546	9,017,984
215,874	229,055	262,134	318,529	578,706	565,738
11,364,558	10,896,377	10,373,298	9,816,903	9,156,840	8,452,246
2.83%	2.57%	2.40%	2.28%	2.10%	1.92%
548.01	525.43	500.21	473.38	441.55	407.57



Piqua City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2006*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Piqua City School District	Amount Applicable to Piqua City School District
Direct:			
Piqua City School District	\$9,017,984	100.00%	\$9,017,984
Overlapping:			
Miami County	6,525,000	20.61%	1,344,803
City of Piqua	3,030,700	100.00%	3,030,700
		Subtotal	4,375,503
		Total	\$13,393,487

Source: Ohio Municipal Advisory Council, June 2006

Piqua City School District

Debt Limitations Last Ten Years

	1997	1998	1999	2000
Net Assessed Valuation	\$324,345,590	\$338,476,950	\$377,459,410	\$392,899,570
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	29,191,103	30,462,926	33,971,347	35,360,961
Applicable District Debt Outstanding	1,631,900	13,146,932	12,689,432	11,995,432
Less: Applicable Debt Service Fund Amounts (2)	(398,112)	(533,967)	(259,982)	(191,193)
Net Indebtedness Subject to Limitation	1,233,788	12,612,965	12,429,450	11,804,239
Overall Legal Debt Margin	<u>\$27,957,315</u>	<u>\$17,849,961</u>	<u>\$21,541,897</u>	<u>\$23,556,722</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	324,346	338,477	377,459	392,900
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$324,346</u>	<u>\$338,477</u>	<u>\$377,459</u>	<u>\$392,900</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,919,110	3,046,293	3,397,135	3,536,096
Applicable District Debt Outstanding	0	0	0	0
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,919,110</u>	<u>\$3,046,293</u>	<u>\$3,397,135</u>	<u>\$3,536,096</u>

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

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Piqua City School District

2001	2002	2003	2004	2005	2006
\$401,797,548	\$423,312,780	\$431,962,230	\$430,490,730	\$436,756,490	\$440,189,030
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
36,161,779	38,098,150	38,876,601	38,744,166	39,308,084	39,617,013
11,580,432	11,125,432	10,635,432	10,135,432	9,735,546	9,017,984
(215,874)	(229,055)	(262,134)	(318,529)	(578,706)	(565,738)
11,364,558	10,896,377	10,373,298	9,816,903	9,156,840	8,452,246
<u>\$24,797,221</u>	<u>\$27,201,773</u>	<u>\$28,503,303</u>	<u>\$28,927,263</u>	<u>\$30,151,244</u>	<u>\$31,164,767</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
401,798	423,313	431,962	430,491	436,756	440,189
0	0	0	0	0	0
<u>\$401,798</u>	<u>\$423,313</u>	<u>\$431,962</u>	<u>\$430,491</u>	<u>\$436,756</u>	<u>\$440,189</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
3,616,178	3,809,815	3,887,660	3,874,417	3,930,808	3,961,701
0	(1,050,000)	(700,000)	(350,000)	0	0
<u>\$3,616,178</u>	<u>\$2,759,815</u>	<u>\$3,187,660</u>	<u>\$3,524,417</u>	<u>\$3,930,808</u>	<u>\$3,961,701</u>

Piqua City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	1996	1997	1998	1999	2000
Population (1)					
Piqua City	20,612	20,612	20,612	20,612	20,738
Miami County	93,182	93,182	93,182	93,182	93,868
Income (2) (a)					
Total Personal (in thousands)	\$493,967	522,040	533,933	547,434	578,092
Per Capita	\$23,965	25,327	25,904	26,559	27,876
Unemployment Rate (3)					
Federal	5.4%	4.9%	4.5%	4.2%	3.8%
State	4.8%	4.6%	4.3%	4.3%	3.7%
Miami County	4.2%	4.2%	3.6%	3.9%	3.0%
Fiscal Year	1997	1998	1999	2000	2001
School Enrollment (4)					
Grades K - 3	1,254	1,279	1,211	1,201	1,143
Grades 4 - 6	961	928	884	909	901
Grades 7 - 8	620	605	620	653	638
Grades 9 - 12	1,219	1,275	1,233	1,252	1,229
Total	<u>4,054</u>	<u>4,087</u>	<u>3,948</u>	<u>4,015</u>	<u>3,911</u>

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County (2005 not available),
Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Piqua City School District

2001	2002	2003	2004	2005
20,738	20,738	20,738	20,738	20,738
98,868	98,868	98,868	100,797	100,797
575,728	587,383	612,061	630,663	630,663
27,762	28,324	29,514	30,411	30,411
4.8%	5.8%	6.0%	5.5%	5.0%
4.3%	5.7%	6.1%	6.0%	5.9%
4.6%	4.3%	5.3%	5.5%	5.7%
2002	2003	2004	2005	2006
1,125	1,126	1,203	1,197	1,148
916	879	804	829	825
598	614	660	644	586
1,207	1,241	1,265	1,252	1,233
3,846	3,860	3,932	3,922	3,792

Piqua City School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Evenflo Company	Manufacturer - Juvenile Furniture	315	1	3.09%
Crane Pumps & Systems	Manufacturer - Industrial Pumps	300	2	2.95%
Jackson Tube	Manufacturer - Steel Tubing	310	3	3.04%
Hartzell Propeller	Manufacturer - Aircraft Propellers	293	4	2.88%
Industry Products	Die Cutting, Dilk Screening	283	5	2.78%
Piqua Technologies	Manufacturer - Auto Industry Seals	200	6	1.96%
Miami Valley Steel	Manufacturer - Steel Products	150	7	1.47%
Orr Felt Company	Manufacturer - Paper Felts	125	8	1.23%
ITW Hobart Brothers	Manufacturer - Welding Wire	106	9	1.04%
Hartzell Fan Inc.	Manufacturer - Industrial Air Handlers	104	10	1.02%
Total		<u>2,186</u>		
Total Employment within the District (1)		<u>10,186</u>		

Employer	Nature of Business	1997		
		Number of Employees	Rank	Percentage of Total Employment
Evenflo Juvenile	Manufacturer - Juvenile Furniture	642	1	6.30%
Infotel	Manufacturer - Computer Equipment	487	2	4.78%
Crane Pumps and Systems	Manufacturer - Industrial Pumps	389	3	3.82%
Coppweld Miami Division	Manufacturer - Steel Tubing	349	4	3.43%
Hartzell Propeller	Manufacturer - Aircraft Propellers	340	5	3.34%
Jackson Tube	Manufacturer - Steel Tubing	305	6	2.99%
Industry Products	Die Cutting, Silk Sceening	229	7	2.25%
Valor Enterprises, Inc.	Manufacturer - Antenna	220	8	2.16%
Hartzell Fan Inc.	Manufacturer - Industrial Air Handlers	181	9	1.78%
Hammer Graphics, Inc.	Printing, Mailing, Computer Services	134	10	1.32%
Total		<u>3,276</u>		
Total Employment within the District (1)		<u>10,186</u>		

Sources: District Treasurer's Office

(1) 2000 Census

Piqua City School District

*School District Employees by Type
June 30, 2006*

	<u>2006</u>
Supervisory	
Instructional Administrators	4.00
Noninstructional Administrators	6.00
Consultants/Supervisors of Instruction	1.00
Principals	9.00
Assistant Principals	3.00
Instruction	
Classroom Teachers:	
Kindergarten Center	10.00
Primary: Grades 1-3	47.00
Intermediate: Grades 4-6	47.00
Junior High School	41.00
High School	52.00
Student Services	
Guidance Counselors	8.00
Psychologists	2.00
Librarians	2.00
Other Professionals (noninstructional)	2.00
Support Services	
Clerical/Secretaries	26.00
EMIS Coordinator	1.00
Food Service	45.00
Library Aides	8.00
Maintenance/Grounds	28.00
Parents as Teachers	4.00
Transportation	22.00
Tutors/Aides	33.00
Warehouse	1.00
<i>Total Employees</i>	<u><u>402.00</u></u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office

Note: Information not available prior to 2006.

Piqua City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	1997	1998	1999	2000	2001
Enrollment	4,054	4,087	3,948	4,015	3,911
Modified Accrual Basis					
Operating Expenditures	\$19,337,300	20,210,099	22,225,664	23,689,963	27,322,816
Cost per Pupil	4,770	4,945	5,630	5,900	6,986
Percentage of Change	3.0%	3.7%	13.8%	4.8%	18.4%
Accrual Basis					
Expenses	N/A	N/A	N/A	N/A	\$26,812,924
Cost per Pupil	N/A	N/A	N/A	N/A	6,856
Percentage of Change	N/A	N/A	N/A	N/A	N/A
Teaching Staff	218	218	218	223	223
Pupil to Teacher Ratio					
Piqua City School District	18.6	18.7	18.1	18.0	17.5
State Average	N/A	N/A	18.6	18.1	18.0

Source: District Treasurer's Office and Ohio Department of Education

N/A - not available

Piqua City School District

2002	2003	2004	2005	2006
3,846	3,860	3,932	3,922	3,792
28,637,959	28,107,237	28,429,649	31,599,735	32,520,850
7,446	7,282	7,230	8,057	8,576
6.6%	(2.2%)	(0.7%)	11.4%	6.4%
\$26,042,722	27,713,801	27,973,012	29,717,504	30,943,290
6,771	7,180	7,114	7,577	8,160
(1.2%)	6.0%	(0.9%)	6.5%	7.7%
217	213	212	207	207
17.7	18.1	18.5	18.9	18.3
16.9	16.9	18.5	18.5	18.6

Piqua City School District

*Operating Indicators by Function
Last Ten Years*

	1997	1998	1999	2000
Governmental Activities				
Support Services				
Pupils				
Enrollment	4,054	4,087	3,948	4,015
Graduates	215	235	266	244
Percent of Students with Disabilities	9.60%	10.20%	10.50%	13.80%
Percent of Students with English as Second Language	N/A	N/A	N/A	N/A
Administration				
School Attendance Rate	96.1%	96.8%	96.9%	96.2%
Operation and Maintenance of Plant				
District Square Footage Maintained	481,115	481,115	607,115	607,115
Pupil Transportation				
Average Daily Students Transported	2,176	2,376	2,123	2,679
Average Miles Driven per Day	1,381	1,646	1,489	1,598
Average Miles per Bus	13,229	15,594	14,258	14,656
Number of Buses	19	19	19	20
Business-Type Activities				
Food Service				
Student Meals Served Daily	2,155	2,257	2,268	2,334
Free/Reduced Price Meals Daily	897	916	884	906
Percentage of Free/Reduced Price Meals Daily	41.62%	40.58%	38.98%	38.82%
Student Breakfasts Served Daily	471	521	542	723
Free/Reduced Price Breakfasts Daily	348	376	398	487
Percentage of Free/Reduced Price Breakfasts Daily	73.89%	72.17%	73.43%	67.36%

Source: District Treasurer's Office

N/A - not available

Piqua City School District

2001	2002	2003	2004	2005	2006
3,911	3,846	3,860	3,932	3,922	3,792
227	243	226	271	262	280
14.90%	15.30%	14.80%	15.50%	15.80%	15.50%
N/A	N/A	0.3%	0.3%	0.6%	0.6%
96.5%	96.5%	96.1%	96.0%	96.0%	96.0%
607,115	607,115	607,115	607,115	607,115	607,115
2,783	2,520	2,829	2,814	2,542	2,691
1,489	2,007	1,782	1,931	2,140	2,129
12,093	17,351	15,274	16,552	18,342	17,419
27	21	21	21	21	22
2,332	2,356	2,407	2,434	2,521	2,498
943	1,068	1,139	1,191	1,291	1,294
40.44%	45.33%	47.32%	48.93%	51.21%	51.80%
807	876	893	1,022	1,147	1,094
579	599	642	734	837	802
71.75%	68.38%	71.89%	71.82%	72.97%	73.31%

Piqua City School District

*Operating Indicators - Teacher Base Salaries
Last Ten Years*

Fiscal Year	1996	1997	1998	1999	2000
District Average Salary	N/A	N/A	\$37,622	40,335	41,745
County Average Salary	N/A	N/A	\$38,717	39,867	41,155
State Average Salary	N/A	N/A	\$39,714	40,746	41,713

Source: District Treasurer's Office and Ohio Department of Education

*Operating Indicators - Teacher by Education
Last Ten Years*

Fiscal Year	1997	1998	1999	2000	2001
Bachelor's Degree	62	69	70	30	23
Bachelor + 15	4	5	4	4	3
Bachelor + 30	0	0	0	50	53
Master's Degree	83	80	78	59	56
Master's Degree + 10	69	64	66	80	88
Master's Degree + 30	0	0	0	0	0
Total	218	218	218	223	223

Source: District Treasurer's Office
N/A - not available

Piqua City School District

2001	2002	2003	2004	2005
44,501	45,303	47,871	49,730	49,642
42,134	43,188	45,146	46,851	48,691
42,892	44,266	45,515	47,495	49,342

2002	2003	2004	2005	2006
29	25	30	27	26
2	2	3	6	1
60	39	36	34	35
45	68	63	64	73
81	68	70	65	61
0	11	10	11	11
217	213	212	207	207

Piqua City School District

*Capital Asset Statistics by Building
Last Ten Years*

	1997	1998	1999	2000
Secondary				
Piqua Senior High School				
Square Footage	185,375	185,375	185,375	185,375
Capacity (students)	12,000	12,000	12,000	12,000
Enrollment	1,105	1,098	1,125	1,110
Piqua Junior High School				
Square Footage	N/A	N/A	126,000	126,000
Capacity (students)	N/A	N/A	800	800
Enrollment	N/A	N/A	653	638
Intermediate				
Bennett Intermediate School				
Square Footage	48,739	48,739	48,739	48,739
Capacity (students)	800	800	800	800
Enrollment	329	336	310	272
Wilder Intermediate School				
Square Footage	47,651	47,651	47,651	47,651
Capacity (students)	800	800	800	800
Enrollment	441	424	309	327
Washington Intermediate School				
Square Footage	35,523	35,523	35,523	35,523
Capacity (students)	360	360	360	360
Enrollment	355	332	290	302
Primary				
Favorite Hill Primary School				
Square Footage	40,366	40,366	40,366	40,366
Capacity (students)	400	400	400	400
Enrollment	361	377	298	245
High Street Primary School				
Square Footage	20,816	20,816	20,816	20,816
Capacity (students)	360	360	360	360
Enrollment	354	351	318	289

Piqua City School District

2001	2002	2003	2004	2005	2006
185,375	185,375	185,375	185,375	185,375	185,375
12,000	12,000	12,000	12,000	12,000	12,000
1,068	1,100	1,100	1,120	1,077	1,050
126,000	126,000	126,000	126,000	126,000	126,000
800	800	800	800	800	800
598	614	660	644	590	557
48,739	48,739	48,739	48,739	48,739	48,739
800	800	800	800	800	800
295	260	232	252	248	249
47,651	47,651	47,651	47,651	47,651	47,651
800	800	800	800	800	800
298	300	292	283	275	293
35,523	35,523	35,523	35,523	35,523	35,523
360	360	360	360	360	360
323	319	280	294	312	326
40,366	40,366	40,366	40,366	40,366	40,366
400	400	400	400	400	400
287	289	303	324	325	306
20,816	20,816	20,816	20,816	20,816	20,816
360	360	360	360	360	360
268	273	269	288	275	259

(Continued)

Piqua City School District

*Capital Asset Statistics by Building
Last Ten Years*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Springcreek Primary School				
Square Footage	25,326	25,326	25,326	25,326
Capacity (students)	360	360	360	360
Enrollment	344	329	296	291
Nicklin Avenue Learning Center				
Square Footage	21,519	21,519	21,519	21,519
Capacity (students)	375	375	375	375
Enrollment	311	284	289	318
All Other				
Central Administration Building				
Square Footage	12,800	12,800	12,800	12,800
Transportation Building				
Square Footage	16,000	16,000	16,000	16,000
Maintenance Building				
Square Footage	27,000	27,000	27,000	27,000

Source: District Treasurer's Office

Piqua City School District

2001	2002	2003	2004	2005	2006
25,326	25,326	25,326	25,326	25,326	25,326
360	360	360	360	360	360
245	245	264	260	271	260
21,519	21,519	21,519	21,519	21,519	21,519
375	375	375	375	375	375
325	319	367	325	298	268
12,800	12,800	12,800	12,800	12,800	12,800
16,000	16,000	16,000	16,000	16,000	16,000
27,000	27,000	27,000	27,000	27,000	27,000

Piqua City School District

*Educational and Operating Statistics
Last Ten Years*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Cost per Student (ODE) (1)					
Piqua	\$5,055	5,291	6,595	6,506	6,964
Ohio (Average)	\$5,939	6,232	6,642	7,057	7,602
Attendance Rate					
Piqua	94.00%	93.80%	93.40%	93.40%	93.50%
Ohio (Average)	93.00%	93.90%	94.20%	97.20%	94.70%
Graduation Rate					
Piqua	75.60%	67.90%	76.70%	72.20%	79.90%
Ohio (Average)	75.20%	79.90%	81.40%	80.70%	81.20%

Source:

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports.

Piqua City School District

2002	2003	2004	2005	2006
7,186	7,211	7,092	7,855	8,348
8,073	8,441	8,768	9,028	9,356
94.10%	94.40%	94.50%	94.70%	94.90%
95.00%	94.90%	95.30%	95.20%	94.10%
84.50%	84.90%	88.20%	83.80%	83.80%
82.80%	83.90%	84.30%	85.90%	86.20%





Mary Taylor, CPA
Auditor of State

PIQUA CITY SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 1, 2007