



**Auditor of State
Betty Montgomery**

**PIQUA CITY SCHOOL DISTRICT
MIAMI COUNTY**

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**PIQUA CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program		10.550		\$151,225		\$151,225
National School Breakfast Program	05-PU 2003 05-PU 2004	10.553	\$40,949 116,107		\$40,949 116,107	
Total National School Breakfast Program			157,056		157,056	
National School Lunch Program	LL-P1 2003 LL-P4 2003 LL-P1 2004 LL-P4 2004	10.555	295 129,546 881 352,824		295 129,546 881 352,824	
Total National School Lunch Program			483,546		483,546	
Total Nutrition Cluster			640,602	151,225	640,602	151,225
Team Nutrition Grants	TWAD-2004	10.574	5,315		5,315	
Total U.S. Department of Agriculture			645,917	151,225	645,917	151,225
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title I, Part A, ESEA	C1-S1 2003 C1-S1-2004	84.010	67,595 1,026,623 1,094,218		89,214 809,193 898,407	
Special Education Grants to States	6B-SF-2003 6B-SF-2004	84.027	67,920 573,203		111,645 570,930	
Total Special Education Grants to States			641,123		682,575	
Safe and Drug-Free Schools and Communities - State Grants (SDFSCA)(Title IV, Part A, Subpart 1)	DR-S1 2003 DR-S1 2004	84.186	(3,892) 37,853		37,790	
Total Safe and Drug-Free Schools and Communities Grants			33,961		37,790	
Eisenhower Professional Development Grant	MS-S1 2002	84.281	(2,982)		23,104	
Innovative Education Program Strategies (Title V Part A)	C2-S1 2003 C2-S1 2004	84.298	1,155 26,268		1,155 19,631	
Total Innovative Education Program Strategies			27,423		20,786	
Technology Literacy Challenge Grant (TCLF) (Title II Part D)	TJ-S1 2004 TJ-S1 2004	84.318	(4,159) 43,031		6,109	
Total Technology Literacy Challenge Grant			38,872		6,109	
Assistive Technology Infusion Project	AT-S4 2002	84.352A	8,240			
Improving Teacher Quality State Grants (Title II Part A)	TR-S1 2003 TR-S1 2004	84.367	35,699 266,284		33,850 190,391	
Total Improving Teacher Quality State Grants (Title II Part A)			301,983		224,241	
Total U.S. Department of Education			2,142,838		1,893,012	
FEDERAL EMERGENCY MANAGEMENT AGENCY						
(Direct)						
Public Assistance Grant Program	Not Available	97.036	1,724		1,724	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed Through Montgomery Co. Educational Service Center)						
Medical Assistance Program	Not Available	93.778	4,276		4,276	
(Passed Through Ohio Dept. of Jobs and Family Services)						
Medical Assistance Program	Not Available	93.778	63,555		63,555	
Total U.S. Department of Health and Human Services			67,831		67,831	
Total Federal Assistance			\$2,858,310	\$151,225	\$2,608,484	\$151,225

See accompanying notes to the Schedule of Federal Awards Expenditures.

**PIQUA CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - 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

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed.

NOTE D - MATCHING REQUIREMENTS

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



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the Piqua City School District, Miami County, (the District), as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 17, 2004.

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

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

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

Betty Montgomery
Auditor of State

December 17, 2004



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 17, 2004

**PIQUA CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

1. SUMMARY OF AUDITOR=S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA (10.550, 10.553, & 10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

PIQUA CITY SCHOOL DISTRICT

Miami County, Ohio



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



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PIQUA CITY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**

Prepared by:
Jeffrey W. Price
Treasurer



PIQUA CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION



PIQUA CITY SCHOOL DISTRICT

719 East Ash Street • Piqua, Ohio 45356-2411
(937) 773-4321



Treasurer's Office: phone (937) 778-4512

fax (937) 778-4518

December 17, 2004

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, 2004 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. 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, 2004

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 that involves all of the staff.

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 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, 2004

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 2004, 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, English, biology, chemistry, physics, economics, calculus, government, and art. During the 2003-04 school year more than 100 students were enrolled in these college level courses.

SPECIAL EDUCATION -- In 2003-04 there were 663 students on Individualized Educational Programs representing nearly 17% 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 is to be performed during 2004 by the Miami County Auditor's office. This is to take 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, 2004

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.

The District is currently in the fifth year of a taxpayer approved 2.0 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. A five year 1.8 mill replacement levy bringing in approximately \$800,000 annually was approved by the community in 2004.

RECENT SIGNIFICANT ACCOMPLISHMENTS

During the 2003-2004 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 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 is scheduled for late 2004.

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. This levy was first approved by voters in 1994 as a 3.5 mill levy. The Board of Education will ask the community to renew the levy at 1.8 mills in November 2004.

The Piqua City School District and the entire community of Piqua have celebrated the selection of Bennett Intermediate teacher Kathy Rank as the 2004 Ohio Teacher of the Year. Mrs. Rank will represent her peers, her district and Piqua in every corner of Ohio and in Washington D.C. Her selection is a testimony to the quality of teaching that is performed in Piqua class rooms each day of the year.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

MAJOR INITIATIVES FOR THE FUTURE

The district continues the effort to improve student performance on state proficiency/achievement test. Much progress has been made as student performance continues to increase enabling the district to transition out of Academic Watch to a rating of Continuous Improvement. Student scores improved in fourteen of fifteen test areas on the 2003-04 school year report card. In order to continue the progress in student achievement, the following initiatives have been implemented:

The Four Block Literacy Initiative will continue at the Primary Level and will expand to the Intermediate Levels.

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

Piqua Junior High School will initiate 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 school 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 in to 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.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

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.

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 department 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.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

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.

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 12 of the basic financial statements included within the financial section of this report.

OTHER INFORMATION

INDEPENDENT AUDIT -- State statutes require an annual audit. The Ohio State Auditor's Office conducted the audit for the fiscal year ended June 30, 2004. 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.

PIQUA CITY SCHOOL DISTRICT

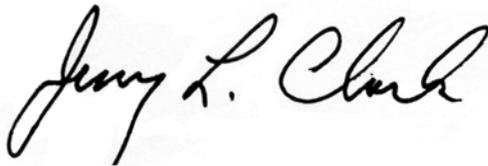
Letter of Transmittal For the Fiscal Year Ended June 30, 2004

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 seven consecutive years (fiscal years ended 1997-2003). 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.

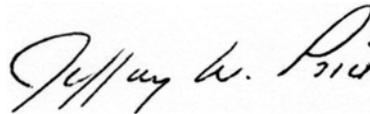
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff under the coordination of Sarah Manger, Assistant to the Treasurer. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. and to the Ohio State Auditor's Office 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, 2004

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 current members of the Board of Education of the Piqua City School District are:

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

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.

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, Victoria Couchois, held the position from December 1972 through July 2004. Jeffrey Price was hired to fill the position. His term expires at the organizational meeting in January, 2007.

PIQUA CITY SCHOOL DISTRICT

Management Team Members and Treasurer's Office Staff For the Fiscal Year Ended June, 30, 2004

Management Team Members

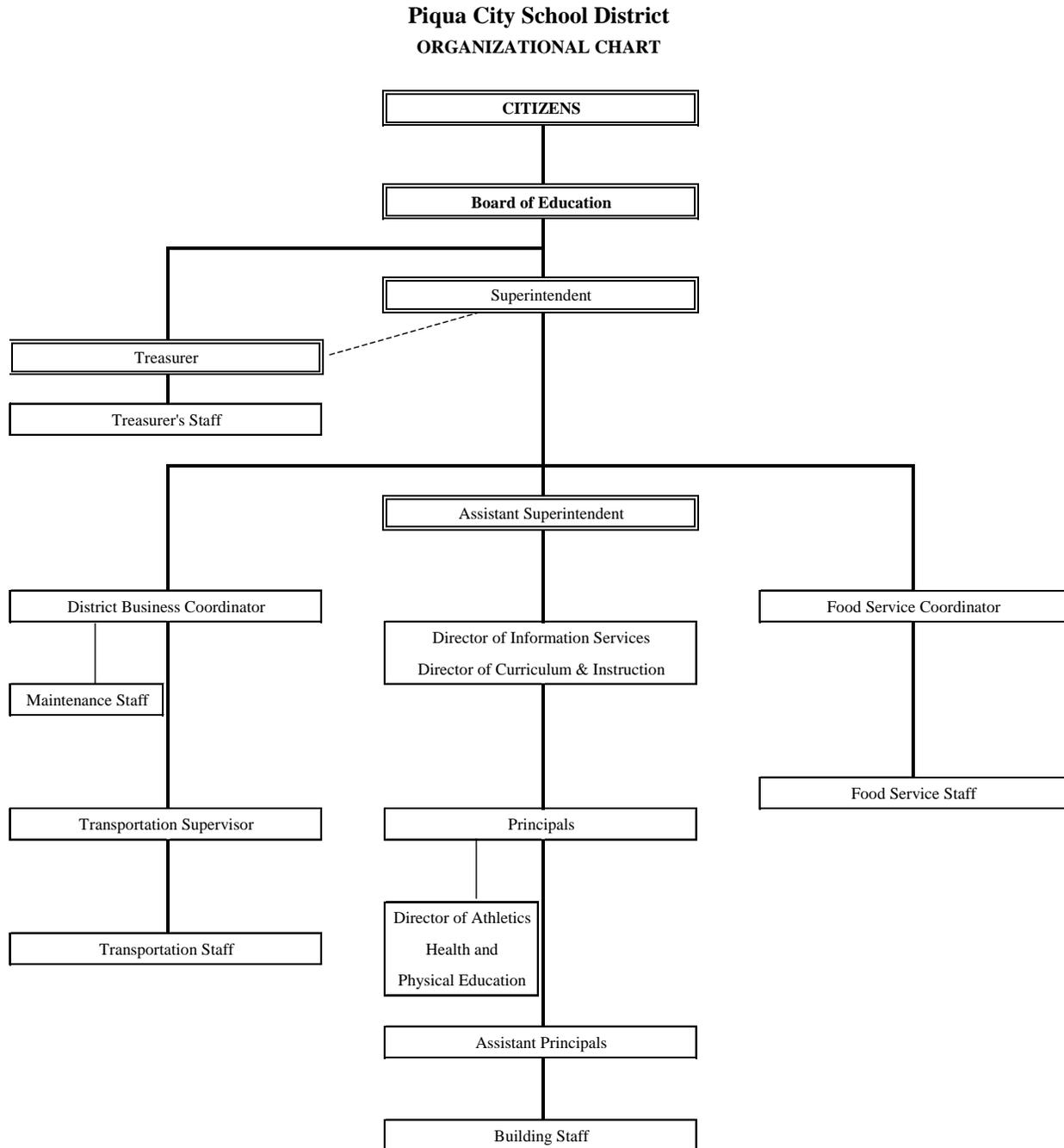
Jerry L. Clark	Superintendent of Schools
Victoria Couchois	Treasurer
Ben Edmonds	Assistant Superintendent
Jean Hill	EMIS Coordinator
Tim Reed	District Business Coordinator
Stephen Magoteaux	Athletic Director
Jane Rudd	Food Service Coordinator
David Janson, Ph.D.	Director of Curriculum and Instruction
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
Ed McCord	Principal, Piqua Junior High School
Deborah Childs	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 Immediate School
Bradley Hall	Principal, Bennett Immediate School
M. Kim Calland	Principal, Wilder Immediate School

Treasurer's Office Staff

Hannah L. Kingrey	Assistant to the Treasurer
Jeannie Ervin	Budgetary/Financial Clerk
Karen Magoteaux	Budgetary/Financial Clerk
Sarah Deavours Manger	Payroll Clerk

PIQUA CITY SCHOOL DISTRICT

School District Organizational Chart For the Fiscal Year Ended June, 30, 2004



NOTE: Please see reverse side for individual positions.

PIQUA CITY SCHOOL DISTRICT

Job Description Listing For the Fiscal Year Ended June, 30, 2004

Position:	Responsible To:
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, 2003

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



President

Executive Director



FINANCIAL SECTION





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Piqua City School District
Miami County
719 East Ash Street
Piqua, Ohio 45356-2411

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Piqua City School District, Miami County, (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Piqua City School District, as of June 30, 2004, 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 17, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Betty Montgomery
Auditor of State

December 17, 2004

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2004*

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, 2004. 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 2004 are as follows:

- ❑ In total, net assets increased \$1,970,092. Net assets of governmental activities increased \$1,952,451 which represents a 10.7% increase from 2003. Net assets of business-type activities increased \$17,641 from 2003.
- ❑ General revenues accounted for \$26,798,372 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,640,801 or 15% of total revenues of \$31,439,173.
- ❑ The District had \$27,973,012 in expenses related to governmental activities; only \$3,127,091 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$26,798,372 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$24,508,851 in revenues and \$23,565,687 in expenditures. The general fund's fund balance increased \$943,164 to a deficit of \$491,183. This increase is attributable to increases in property tax revenue collections as well as increases in the state school foundation received.
- ❑ Net assets for the enterprise fund decreased slightly by \$7,159. This decrease is attributable to increases in food service employee benefits and salaries.

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 and internal service 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, 2004*

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 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, 2004*

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 2004 compared to 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$21,750,492	\$18,477,250	\$1,082,969	\$1,015,330	\$22,833,461	\$19,492,580
Capital assets, Net	27,237,222	27,903,509	372,947	388,091	27,610,169	28,291,600
Total assets	48,987,714	46,380,759	1,455,916	1,403,421	50,443,630	47,784,180
Long-term debt outstanding	13,267,314	13,994,509	66,099	59,829	13,333,413	14,054,338
Other liabilities	15,537,052	14,155,353	193,785	165,201	15,730,837	14,320,554
Total liabilities	28,804,366	28,149,862	259,884	225,030	29,064,250	28,374,892
Net assets						
Invested in capital assets, net of related debt	16,731,185	16,509,571	372,947	388,091	17,104,132	16,897,662
Restricted	2,462,160	2,120,440	0	0	2,462,160	2,120,440
Unrestricted	990,003	(399,114)	823,085	790,300	1,813,088	391,186
Total net assets	20,183,348	18,230,897	\$1,196,032	\$1,178,391	\$21,379,380	\$19,409,288

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PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2004**

Unaudited

Changes in Net Assets – The following table shows the net assets for the fiscal year 2004:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for Services	\$575,187	\$714,675	\$683,775	\$643,831	\$1,258,962	\$1,358,506
Operating Grants	2,551,904	1,917,459	829,935	757,534	3,381,839	2,674,993
Capital Grants	0	11,132	0	0	0	11,132
General revenues:						
Property Taxes	11,872,148	10,593,991	0	0	11,872,148	10,593,991
Income Taxes	1,809,227	1,818,714	0	0	1,809,227	1,818,714
Grants and Entitlements	12,752,599	11,520,196	0	0	12,752,599	11,520,196
Other	364,398	356,131	0	0	364,398	356,131
Loss on Disposal of Fixed Assets	0	(2,584)	0	0	0	(2,584)
Transfers	0	9,052	0	(9,052)	0	0
Total revenues	29,925,463	26,938,766	1,513,710	1,392,313	31,439,173	28,331,079
Program Expenses						
Instruction	16,736,129	16,881,816	0	0	16,736,129	16,881,816
Support Services:						
Pupils	1,443,477	1,485,305	0	0	1,443,477	1,485,305
Instructional Staff	1,672,048	1,670,861	0	0	1,672,048	1,670,861
Board of Education	9,288	7,655	0	0	9,288	7,655
Administration	2,090,822	1,989,454	0	0	2,090,822	1,989,454
Fiscal Services	669,152	563,651	0	0	669,152	563,651
Business	74,505	84,935	0	0	74,505	84,935
Operation and Maintenance of Plant	2,519,590	2,323,836	0	0	2,519,590	2,323,836
Pupil Transportation	1,175,222	1,114,543	0	0	1,175,222	1,114,543
Central	64,643	28,787	0	0	64,643	28,787
Operation of Non-Instructional Services	316,379	277,923	0	0	316,379	277,923
Extracurricular Activities	679,708	720,679	0	0	679,708	720,679
Debt Service:	0					
Interest and Fiscal Charges	522,049	564,356	0	0	522,049	564,356
Food Service	0	0	1,496,069	1,391,897	1,496,069	1,391,897
Total expenses	27,973,012	27,713,801	1,496,069	1,391,897	29,469,081	29,105,698
Excess (deficiency) before special items	1,952,451	(775,035)	17,641	416	1,970,092	(774,619)
Total Change in Net Assets	1,952,451	(775,035)	17,641	416	1,970,092	(774,619)
Beginning Net Assets	18,230,897	19,005,932	1,178,391	1,177,975	19,409,288	20,183,907
Ending Net Assets	\$20,183,348	\$18,230,897	\$1,196,032	\$1,178,391	\$21,379,380	\$19,409,288

Governmental Activities

Net assets of the District's governmental activities increased by \$1,952,451. Large increases in property tax collections and state grant monies received contributed to this increase.

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

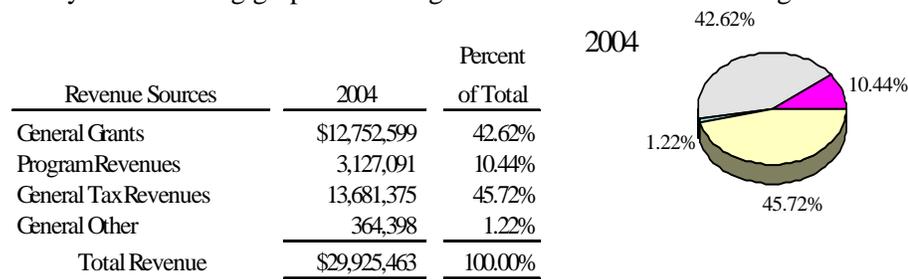
***Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2004***

Unaudited

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 39.57% and 6.15% respectively of revenues for governmental activities for Piqua City Schools in fiscal year 2003. 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 increased slightly, by \$17,641. This represents only a 1% change from the previous year. These programs had revenues of \$1,513,710 and expenses of \$1,496,069 for fiscal year 2004. Business 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 2,290,348, which is above last year's total of \$834,833. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2004 and 2003.

	Fund Balance June 30, 2004	Fund Balance June 30, 2003	Increase (Decrease)
General	(\$491,183)	(\$1,434,347)	\$943,164
Debt Service	318,529	322,452	(3,923)
Permanent Improvement			
Capital Projects	1,830,549	1,543,943	286,606
Other Governmental	632,453	402,785	229,668
Total	<u>\$2,290,348</u>	<u>\$834,833</u>	<u>\$1,455,515</u>

PIQUA CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2004***

Unaudited

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

	2004 Revenues	2003 Revenues	Increase (Decrease)
Taxes	\$11,464,505	\$10,430,180	\$1,034,325
Tuition	18,666	137,043	(118,377)
Transportation Fees	35,848	38,122	(2,274)
Investment Earnings	20,918	33,155	(12,237)
Class Materials and Fees	166,220	168,090	(1,870)
Intergovernmental - State	12,481,983	11,278,912	1,203,071
Intergovernmental - Federal	136,039	109,423	26,616
All Other Revenue	161,752	124,261	37,491
Total	\$24,485,931	\$22,319,186	\$2,166,745

General Fund revenues in 2004 increased nearly 10% when compared to revenues in fiscal year 2003. This increase can be attributed to increases in property tax collections and state grant revenues.

	2004 Expenditures	2003 Expenditures	Increase (Decrease)
Instruction	\$14,044,574	\$14,140,092	(\$95,518)
Supporting Services:			
Pupils	1,362,011	1,391,848	(29,837)
Instructional Staff	1,548,729	1,594,217	(45,488)
Board of Education	9,288	7,655	1,633
Administration	2,039,213	1,929,029	110,184
Fiscal Services	580,038	552,301	27,737
Business	77,078	90,036	(12,958)
Operation & Maintenance of Plant	2,472,529	2,349,397	123,132
Pupil Transportation	1,133,510	1,086,106	47,404
Central	62,856	28,787	34,069
Operation of Non-Instructional Services	0	3,380	(3,380)
Extracurricular Activities	235,861	265,483	(29,622)
Total	\$23,565,687	\$23,438,331	\$127,356

The expenditures remained very stable, increasing by \$127,356 or about 1% over the prior year.

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.

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2004**

Unaudited

During the course of fiscal year 2004 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$24.6 million did not significantly change over the original budget estimates of \$23.8 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the School District had \$27,610,169 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$27,237,222 was related to governmental activities and \$372,947 to the business-type activities. The following table shows fiscal 2003 and 2004 balances:

	Governmental Activities		Increase
			(Decrease)
	2004	2003	
Land	\$323,722	\$323,722	\$0
Land and Improvements	1,879,738	1,879,738	0
Buildings and Improvements	30,434,330	30,409,422	24,908
Machinery and Equipment	5,209,923	5,021,354	188,569
Vehicles	1,626,807	1,558,642	68,165
Less: Accumulated Depreciation	(12,237,298)	(11,289,369)	(947,929)
Totals	\$27,237,222	\$27,903,509	(\$666,287)

	Business-Type Activities		Increase
			(Decrease)
	2004	2003	
Machinery and Equipment	\$875,276	\$867,405	\$7,871
Less: Accumulated Depreciation	(502,329)	(479,314)	(23,015)
Totals	\$372,947	\$388,091	(\$15,144)

The increases in machinery, equipment and vehicles were the result of routine purchases for these categories of capital assets. Additional information on the District's capital assets can be found in Note 7.

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2004**

Unaudited

Debt

At June 30, 2004, the School District had \$10.1 million in bonds outstanding, \$525,000 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2004:

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
General Obligation Bond:		
School Improvement	\$10,135,432	\$10,635,432
Installment Note:		
School Improvement	350,000	700,000
Capital Leases Payable	20,605	58,506
Compensated Absences	2,761,277	2,600,571
Total Governmental Activities	<u>13,267,314</u>	<u>13,994,509</u>
Business-Type Activities:		
Compensated Absences	66,099	59,829
Totals	<u>\$13,333,413</u>	<u>\$14,054,338</u>

The School Improvements Bond was issued for the construction of a new junior high school. The District passed a 2.96 mill bond issue in 1997.

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, 2004, 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 10.

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, 2004***

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, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 7,760,236	\$ 642,093	\$ 8,402,329
Receivables:			
Taxes	14,220,638	0	14,220,638
Accounts	61,077	0	61,077
Intergovernmental	0	84,703	84,703
Internal Balance	(337,335)	337,335	0
Inventory of Supplies at Cost	0	18,838	18,838
Prepaid Items	45,114	0	45,114
Restricted Assets:			
Cash with Fiscal Agent	762	0	762
Capital Assets, Net	<u>27,237,222</u>	<u>372,947</u>	<u>27,610,169</u>
Total Assets	<u>48,987,714</u>	<u>1,455,916</u>	<u>50,443,630</u>
Liabilities:			
Accounts Payable	98,084	2,471	100,555
Accrued Wages and Benefits	2,355,351	102,378	2,457,729
Intergovernmental Payable	830,781	88,936	919,717
Matured Bonds & Interest Payable	762	0	762
Deferred Revenue - Taxes	12,139,739	0	12,139,739
Deferred Revenue	59,656	0	59,656
Accrued Interest Payable	52,679	0	52,679
Long Term Liabilities:			
Due Within One Year	1,375,617	0	1,375,617
Due in More Than One Year	<u>11,891,697</u>	<u>66,099</u>	<u>11,957,796</u>
Total Liabilities	<u>28,804,366</u>	<u>259,884</u>	<u>29,064,250</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	16,731,185	372,947	17,104,132
Restricted For:			
Capital Projects	1,966,516	0	1,966,516
Debt Service	380,838	0	380,838
Other Purposes	114,806	0	114,806
Unrestricted	<u>990,003</u>	<u>823,085</u>	<u>1,813,088</u>
Total Net Assets	<u>\$ 20,183,348</u>	<u>\$ 1,196,032</u>	<u>\$ 21,379,380</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 16,736,129	\$ 277,325	\$ 1,947,175
Support Services:			
Pupils	1,443,477	468	117,471
Instructional Staff	1,672,048	0	198,612
Board of Education	9,288	0	0
Administration	2,090,822	0	36,612
Fiscal Services	669,152	0	2,150
Business	74,505	0	0
Operation and Maintenance of Plant	2,519,590	0	1,724
Pupil Transportation	1,175,222	35,848	554
Central	64,643	0	0
Operation of Non-Instructional Services	316,379	0	246,753
Extracurricular Activities	679,708	261,546	853
Debt Service:			
Interest and Fiscal Charges	522,049	0	0
Total Governmental Activities	27,973,012	575,187	2,551,904
Business-Type Activities:			
Food Service	1,496,069	683,775	829,935
Total Business-Type Activities	1,496,069	683,775	829,935
Totals	\$ 29,469,081	\$ 1,258,962	\$ 3,381,839

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
\$ (14,511,629)	\$ 0	\$ (14,511,629)
(1,325,538)	0	(1,325,538)
(1,473,436)	0	(1,473,436)
(9,288)	0	(9,288)
(2,054,210)	0	(2,054,210)
(667,002)	0	(667,002)
(74,505)	0	(74,505)
(2,517,866)	0	(2,517,866)
(1,138,820)	0	(1,138,820)
(64,643)	0	(64,643)
(69,626)	0	(69,626)
(417,309)	0	(417,309)
(522,049)	0	(522,049)
(24,845,921)	0	(24,845,921)
0	17,641	17,641
0	17,641	17,641
(24,845,921)	17,641	(24,828,280)
9,849,084	0	9,849,084
915,618	0	915,618
1,107,446	0	1,107,446
1,809,227	0	1,809,227
12,752,599	0	12,752,599
68,934	0	68,934
295,464	0	295,464
26,798,372	0	26,798,372
1,952,451	17,641	1,970,092
18,230,897	1,178,391	19,409,288
\$ 20,183,348	\$ 1,196,032	\$ 21,379,380

PIQUA CITY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2004

	General	Debt Service	Permanent Improvement Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,203,426	\$ 268,012	\$ 1,778,405	\$ 984,024	\$ 4,233,867
Receivables:					
Taxes	12,080,733	968,299	1,171,606	0	14,220,638
Accounts	60,641	0	0	436	61,077
Prepaid Items	45,114	0	0	0	45,114
Restricted Assets:					
Cash with Fiscal Agent	0	762	0	0	762
Total Assets	\$ 13,389,914	\$ 1,237,073	\$ 2,950,011	\$ 984,460	\$ 18,561,458
Liabilities:					
Accounts Payable	\$ 48,342	\$ 0	\$ 9,658	\$ 40,084	\$ 98,084
Accrued Wages and Benefits	2,216,236	0	0	139,115	2,355,351
Intergovernmental Payable	458,349	0	0	172,808	631,157
Matured Bonds and Interest Payable	0	762	0	0	762
Interfund Loans Payable	48,972	0	0	0	48,972
Deferred Revenue - Taxes	10,783,990	917,782	1,109,804	0	12,811,576
Deferred Revenue	59,656	0	0	0	59,656
Compensated Absences Payable	265,552	0	0	0	265,552
Total Liabilities	13,881,097	918,544	1,119,462	352,007	16,271,110
Fund Balance:					
Reserved for Encumbrances	132,539	0	130,726	181,497	444,762
Reserved for Prepaid Items	45,114	0	0	0	45,114
Reserved for Debt Service	0	275,548	0	0	275,548
Reserved for Property Taxes	618,088	42,981	52,692	0	713,761
Reserved for Endowments	0	0	0	59,491	59,491
Unreserved, Undesignated in:					
General Fund (Deficit)	(1,286,924)	0	0	0	(1,286,924)
Special Revenue Funds	0	0	0	305,494	305,494
Capital Projects Funds	0	0	1,647,131	85,971	1,733,102
Total Fund Balance	(491,183)	318,529	1,830,549	632,453	2,290,348
Total Liabilities and Fund Balance	\$ 13,389,914	\$ 1,237,073	\$ 2,950,011	\$ 984,460	\$ 18,561,458

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, 2004***

Total Governmental Fund Balances	\$ 2,290,348
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	27,237,222
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	671,837
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.	3,238,006
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,254,065)</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 20,183,348</u></u>

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, 2004

	General	Debt Service	Improvement Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 11,464,505	\$ 905,314	\$ 1,094,984	\$ 0	\$ 13,464,803
Tuition	18,666	0	0	0	18,666
Transportation Fees	35,848	0	0	0	35,848
Investment Earnings	20,918	2,727	13,483	4,878	42,006
Extracurricular Activities	0	0	0	353,985	353,985
Class Materials and Fees	166,220	0	0	0	166,220
Intergovernmental - State	12,481,983	106,369	127,951	471,855	13,188,158
Intergovernmental - Federal	136,039	0	0	2,160,801	2,296,840
All Other Revenue	161,752	0	0	133,712	295,464
Total Revenue	24,485,931	1,014,410	1,236,418	3,125,231	29,861,990
Expenditures:					
Current:					
Instruction	14,044,574	0	315,138	1,998,487	16,358,199
Supporting Services:					
Pupils	1,362,011	0	0	101,490	1,463,501
Instructional Staff	1,548,729	0	0	128,233	1,676,962
Board of Education	9,288	0	0	0	9,288
Administration	2,039,213	16	65,333	23,202	2,127,764
Fiscal Services	580,038	16,667	20,182	2,145	619,032
Business	77,078	0	0	0	77,078
Operation & Maintenance of Plant	2,472,529	0	19,297	2,194	2,494,020
Pupil Transportation	1,133,510	0	18,448	5,783	1,157,741
Central	62,856	0	0	0	62,856
Operation of Non-Instructional Services	0	0	0	290,601	290,601
Extracurricular Activities	235,861	0	0	336,985	572,846
Capital Outlay	0	0	138,987	6,697	145,684
Debt Service:					
Principal Retirement	0	500,000	350,000	0	850,000
Interest & Fiscal Charges	0	501,650	22,427	0	524,077
Total Expenditures	23,565,687	1,018,333	949,812	2,895,817	28,429,649
Excess (Deficiency) of Revenues Over Expenditures	920,244	(3,923)	286,606	229,414	1,432,341
Other Financing Sources (Uses):					
Proceeds from the Sale of Fixed Assets	1,325	0	0	254	1,579
Other Financing Sources-Capital Leases	21,595	0	0	0	21,595
Transfers In	0	0	0	4,078	4,078
Transfers Out	0	0	0	(4,078)	(4,078)
Total Other Financing Sources (Uses)	22,920	0	0	254	23,174
Net Change in Fund Balance	943,164	(3,923)	286,606	229,668	1,455,515
Fund Balance (Deficit) at Beginning of Year	(1,434,347)	322,452	1,543,943	402,785	834,833
Fund Balance (Deficit) End of Year	\$ (491,183)	\$ 318,529	\$ 1,830,549	\$ 632,453	\$ 2,290,348

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, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ 1,455,515

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 depreciation exceeded capital outlays in the current period. (656,244)

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 fixed assets net of proceeds received. (10,043)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 36,077

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. 887,901

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,028

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (248,676)

The internal service funds are used by management to charge the costs of services to individual funds 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. 485,893

Change in Net Assets of Governmental Activities \$ 1,952,451

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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 23,874,026</u>	<u>\$ 24,624,693</u>	<u>\$ 24,655,671</u>	<u>\$ 30,978</u>
Total Expenditures and Other Financing Uses	<u>23,759,829</u>	<u>24,658,277</u>	<u>23,659,926</u>	<u>998,351</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	114,197	(33,584)	995,745	1,029,329
Fund Balance at Beginning of Year	(114,201)	(114,201)	(114,201)	0
Prior Year Encumbrances	<u>147,800</u>	<u>147,800</u>	<u>147,800</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 147,796</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ 1,029,344</u></u>	<u><u>\$ 1,029,329</u></u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2004

	<u>Business-Type Activities Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Funds</u>
Assets:		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 642,093	\$ 3,526,369
Receivables:		
Intergovernmental	84,703	0
Interfund Loan Receivable	0	48,972
Inventory of Supplies at Cost	18,838	0
<i>Total Current Assets</i>	<u>745,634</u>	<u>3,575,341</u>
<i>Non Current Assets:</i>		
Capital Assets, Net	<u>372,947</u>	<u>0</u>
Total Assets	<u>1,118,581</u>	<u>3,575,341</u>
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable	2,471	0
Accrued Wages and Benefits	102,378	0
Intergovernmental Payable	88,936	0
<i>Total Current Liabilities</i>	<u>193,785</u>	<u>0</u>
<i>Long Term Liabilities:</i>		
Compensated Absences Payable	<u>66,099</u>	<u>0</u>
Total Liabilities	<u>259,884</u>	<u>0</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	372,947	0
Unrestricted	<u>485,750</u>	<u>3,575,341</u>
Total Net Assets	<u>\$ 858,697</u>	<u>\$ 3,575,341</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>337,335</u>	
Net Assets of Business-type Activities	<u>\$ 1,196,032</u>	

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, 2004**

	Business-Type Activities Enterprise Fund <u>Food Service</u>	Governmental Activities - Internal Service Funds <u> </u>
Operating Revenues:		
Sales	\$ 668,386	\$ 0
Interfund Charges	0	583,628
All Other Revenue	10,425	0
Total Operating Revenues	<u>678,811</u>	<u>583,628</u>
Operating Expenses:		
Salaries and Wages	570,557	0
Fringe Benefits	241,120	100,331
Contractual Services	62,223	0
Supplies and Materials	612,542	0
Depreciation	34,427	0
Total Operating Expenses	<u>1,520,869</u>	<u>100,331</u>
Operating Income (Loss)	(842,058)	483,297
Nonoperating Revenue (Expenses):		
Operating Grants	829,935	0
Investment Earnings	4,964	27,396
Total Nonoperating Revenues (Expenses)	<u>834,899</u>	<u>27,396</u>
Change in Net Assets	(7,159)	510,693
Net Assets Beginning of Year	<u>865,856</u>	<u>3,064,648</u>
Net Assets End of Year	<u>\$ 858,697</u>	<u>\$ 3,575,341</u>
Change in Net Assets - Total Enterprise Funds	<u>\$ (7,159)</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	24,800	
Change in Net Assets - Total Business-type Activities	<u>\$ 17,641</u>	

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, 2004

	Business-Type Activities Enterprise Funds	Governmental Activities Service Funds
	Food Service	
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$679,164	\$0
Cash Received from Interfund Charges	0	534,656
Cash Payments for Goods and Services	(525,279)	0
Cash Payments to Employees for Services and Benefits	(776,370)	(100,331)
Net Cash Provided (Used) by Operating Activities	(622,485)	434,325
<u>Cash Flows from Noncapital Financing Activities:</u>		
Operating Grants Received	676,389	0
Advances In	0	3,842
Net Cash Provided by Noncapital Financing Activities	676,389	3,842
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Equipment	(19,283)	0
Net Cash Used by Capital and Related Financing Activities	(19,283)	0
<u>Cash Flows from Investing Activities:</u>		
Receipts of Interest	4,964	27,396
Net Cash Provided by Investing Activities	4,964	27,396
Net Increase in Cash and Cash Equivalents	39,585	465,563
Cash and Cash Equivalents at Beginning of Year	602,508	3,060,806
Cash and Cash Equivalents at End of Year	\$642,093	\$3,526,369
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	(\$842,058)	\$483,297
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	34,427	0
Donated Commodities Used During the Year	151,225	0
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	12	0
Increase in Inventory	(945)	0
Increase in Interfund Loan Receivable	0	(48,972)
Decrease in Accounts Payable	(453)	0
Increase in Accrued Wages and Benefits	4,377	0
Increase in Intergovernmental Payables	24,660	0
Increase in Compensated Absences	6,270	0
Total Adjustments	219,573	(48,972)
Net Cash Provided (Used) by Operating Activities	(\$622,485)	\$434,325

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 273,785	\$ 35,541
Investments	485,311	0
Total Assets	<u>759,096</u>	<u>35,541</u>
Liabilities:		
Accounts Payable	37	0
Due to Students	0	35,541
Total Liabilities	<u>37</u>	<u>35,541</u>
Net Assets:		
Unrestricted	759,059	0
Total Net Assets	<u>\$ 759,059</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, 2004

	Private Purpose Trust
	<u>Special Trust Fund</u>
Additions:	
Contributions:	
Sales	\$ 123
Dues and Fees	2,421
Private Donations	60,871
Total Contributions	<u>63,415</u>
Investment Earnings:	
Interest	20,790
Net Increase in the Fair Value of Investments	<u>(32,847)</u>
Total Investment Earnings	<u>(12,057)</u>
Total Additions	<u>51,358</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>40,559</u>
Total Deductions	<u>40,559</u>
Change in Net Assets	10,799
Net Assets at Beginning of Year	<u>748,260</u>
Net Assets End of Year	<u>\$ 759,059</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, 2004

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 164 noncertified and approximately 224 certified teaching personnel and administrative employees providing education to 3,932 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 14 "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 15. 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, 2004

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.

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

Permanent Improvement Capital Projects 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 Fund - 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 only 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, 2004

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 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, 2004

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.

Fiduciary 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, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Current property taxes measurable at June 30, 2004, and which are not intended to finance fiscal 2004 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, 2004 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 private-purpose trust fund. 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.

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.

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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2004.

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 Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

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, 2004

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)	\$943,164
Increase (Decrease):	
Accrued Revenues at June 30, 2004, received during FY 2005	(1,302,445)
Accrued Revenues at June 30, 2003, received during FY 2004	1,444,036
Accrued Expenditures at June 30, 2004, paid during FY 2005	3,042,163
Accrued Expenditures at June 30, 2003, paid during FY 2004	(3,014,201)
FY 2003 Prepaids for FY 2004	102,227
FY 2004 Prepaids for FY 2005	(45,114)
Encumbrances Outstanding	(174,085)
Budget Basis	<u>\$995,745</u>

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

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, 2004**

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. 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
Installment Note	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, 2004

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 57 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 57 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." 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.

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 costs 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, 2004

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 general fund represent cash and cash equivalents set aside for outstanding bonds and coupons not yet redeemed. These are required by State statute. Fund balance reserves have also been established for these amounts.

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, 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. (The required level of participation has been exceeded for the State required textbook purchase and capital maintenance, therefore no reservation is reported on the Balance Sheet.)

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, 2004, 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, 2004

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 special items during fiscal year 2004.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2004 of \$491,183 in the General Fund, \$517 in the Disadvantaged Pupil Impact Aid Fund, \$139,638 in the IDEA-B Fund and \$66 in the Title V 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 operating 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, 2004

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	\$350,120
Depreciation Expense	<u>(1,006,364)</u>
	(\$656,244)

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

Loss on Disposal of Capital Asset	(\$8,464)
Proceeds Received	<u>(1,579)</u>
	(\$10,043)

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$216,572
Decrease in Grants Receivable	<u>(180,495)</u>
	\$36,077

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

Bond Principal Payment	\$500,000
Capital Lease Payment	59,496
Capital Lease Proceeds	(21,595)
Installment Note Payment	<u>350,000</u>
	\$887,901

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$241,170)
Increase in Long-Term Pension Liability	<u>(7,506)</u>
	(\$248,676)

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

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, 2004

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

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 collateral are limited to obligations of the United States and its agencies and obligations of the State of Ohio, county, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

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

A. Deposits

At year end the carrying amount of the District's deposits was \$8,712,417* and the bank balance was \$9,036,167. The Federal Deposit Insurance Corporation (FDIC) covered \$122,308 of the bank balance and all remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

* Includes cash with fiscal agent of \$762.

B. Investments

The District's investments at June 30, 2004 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Fair Value</u>
Marketable Equity Securities	\$485,311	\$485,311

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 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. 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, 2004**

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 2004, upon which the 2003 levies were based, were as follows:

	2003 Second Half <u>Collections</u>	2004 First Half <u>Collections</u>
Agricultural/Residential and Other Real Estate	\$338,895,480	\$344,418,880
Public Utility Personal	7,755,360	7,417,100
Tangible Personal Property	<u>85,311,390</u>	<u>78,654,750</u>
Total Assessed Value	<u>\$431,962,230</u>	<u>\$430,490,730</u>
Tax rate per \$1,000 of assessed valuation	\$40.42	\$45.31

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, 2004 of \$337,335 which is offset in the Governmental Activities by the same amount.

A. Transfers

Following is a summary of transfers in and out for all funds for fiscal year 2004:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Nonmajor Governmental Funds	\$4,078	\$4,078
Total All Funds	<u>\$4,078</u>	<u>\$4,078</u>

B. Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$0	\$48,972
Self Insurance Fund	48,972	0
Total	<u>\$48,972</u>	<u>\$48,972</u>

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 7 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2004:

Historical Cost:

Class	June 30, 2003	Additions	Deletions	June 30, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$323,722	\$0	\$0	\$323,722
<i>Capital assets being depreciated:</i>				
Land Improvements	1,879,738	0	0	1,879,738
Buildings and Improvement	30,409,422	24,908	0	30,434,330
Machinery and Equipment	5,021,354	257,047	(68,478)	5,209,923
Vehicles	1,558,642	68,165	0	1,626,807
Total Cost	<u>\$39,192,878</u>	<u>\$350,120</u>	<u>(\$68,478)</u>	<u>\$39,474,520</u>

Accumulated Depreciation:

Class	June 30, 2003	Additions	Deletions	June 30, 2004
Land Improvements	(\$92,281)	(\$35,228)	\$0	(\$127,509)
Buildings and Improvement	(7,043,345)	(444,057)	0	(7,487,402)
Machinery and Equipment	(3,268,945)	(428,233)	58,435	(3,638,743)
Vehicles	(884,798)	(98,846)	0	(983,644)
Total Depreciation	<u>(\$11,289,369)</u>	<u>(\$1,006,364) *</u>	<u>\$58,435</u>	<u>(\$12,237,298)</u>
Net Value:	<u>\$27,903,509</u>			<u>\$27,237,222</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$792,113
Support Services:	
Pupils	399
Instructional Staff	2,520
Administration	36,397
Fiscal Services	239
Operations & Maintenance of Plant	26,258
Pupil Transportation	89,250
Auxillary Services	4,025
Extracurricular Activities	55,163
Total Depreciation Expense	<u>\$1,006,364</u>

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 7 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2004:

Historical Cost:

<u>Class</u>	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004</u>
Machinery and Equipment	\$867,405	\$19,283	(\$11,412)	\$875,276
Total Cost	<u>\$867,405</u>	<u>\$19,283</u>	<u>(\$11,412)</u>	<u>\$875,276</u>

Accumulated Depreciation:

<u>Class</u>	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004</u>
Machinery and Equipment	(\$479,314)	(\$34,427)	\$11,412	(\$502,329)
Total Depreciation	<u>(\$479,314)</u>	<u>(\$34,427)</u>	<u>\$11,412</u>	<u>(\$502,329)</u>
<i>Net Value:</i>	<u>\$388,091</u>	<u>(\$15,144)</u>	<u>\$0</u>	<u>\$372,947</u>

NOTE 8 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts receivable, interest receivable and intergovernmental receivables.

NOTE 9 - 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 survivor 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 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 (614) 222-5853.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 9 - 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 9% 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, 2003, (latest information available) 9.09% was allocated to fund the pension benefit and 4.91% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2004, 2003, and 2002 were \$569,460, \$553,272, and \$561,708, 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. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2003 employer contribution rate (latest information available) that was used to fund health care for the year 2003 was 4.91%. 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 2004, the minimum pay has been established as \$25,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$273,347.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204,930,737 and the target level was \$307.4 million. Net assets available for payment of benefits at June 30, 2003 was \$303.6 million.

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.

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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2003, (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, 2004, 2003, and 2002 were \$1,663,224, \$1,602,144, and \$1,761,012, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees 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. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2003, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Reserve Fund, which amounted to \$118,802 for the District. The balance of the Health Care Reserve Fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003, the net health care costs paid by STRS were \$352,301,000. There were 108,294 eligible benefit recipients.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 10- LONG-TERM DEBT AND OTHER OBLIGATIONS

A summary of the District's future long-term debt funding requirements for the bond and note, including principal and interest payments as of June 30, 2004, follows:

Years	General Obligation Bond			Installment Note		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$525,000	\$477,306	\$1,002,306	\$350,000	\$12,005	\$362,005
2006	555,000	451,656	1,006,656	0	0	0
2007	197,721	830,755	1,028,476	0	0	0
2008	175,142	853,334	1,028,476	0	0	0
2009	155,140	873,334	1,028,474	0	0	0
2010-2014	2,667,429	2,390,407	5,057,836	0	0	0
2015-2019	3,960,000	1,038,493	4,998,493	0	0	0
2020-2021	1,900,000	101,063	2,001,063	0	0	0
Totals	<u>\$10,135,432</u>	<u>\$7,016,348</u>	<u>\$17,151,780</u>	<u>\$350,000</u>	<u>\$12,005</u>	<u>\$362,005</u>

Detail of the changes in the bond, note, capital leases and compensated absences of the District for the year ended June 30, 2004 is as follows:

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004	Amount Due Within One Year
Governmental Activities:					
General Obligation Bond:					
School Improvement	\$10,635,432	\$0	(\$500,000)	\$10,135,432	\$525,000
Installment Note:					
School Improvement 2.0 - 3.4%	700,000	0	(350,000)	350,000	350,000
Capital Leases Payable	58,506	21,595	(59,496)	20,605	4,673
Compensated Absences	2,600,571	160,706	0	2,761,277	495,944
Total Governmental Activities	<u>13,994,509</u>	<u>182,301</u>	<u>(909,496)</u>	<u>13,267,314</u>	<u>1,375,617</u>
Business-Type Activities:					
Compensated Absences	59,829	6,270	0	66,099	0
Total Other					
Long-Term Obligations	<u>\$14,054,338</u>	<u>\$188,571</u>	<u>(\$909,496)</u>	<u>\$13,333,413</u>	<u>\$1,375,617</u>

During Fiscal Year 1998 the District issued general obligations bonds in the amount of \$11,995,432 at 5.93% for the construction of a new junior high school.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 11 - 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 \$37,753.

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, 2004:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2005	\$6,688
2006	5,681
2007	5,681
2008	5,681
2009	2,366
Minimum Lease Payments	26,097
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(5,492)</u>
Present value of minimum lease payments	<u><u>\$20,605</u></u>

NOTE 12 - 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.

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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 12 - RISK MANAGEMENT (Continued)

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 2004, but the maximum amount of additional premium that may be levied against the District is \$673,827.

NOTE 13 – STATUTORY RESERVES

As stated in House Bill 412, 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, 2003	(\$248,058)	(\$1,564,488)
Current Year Set-Aside Requirement	490,358	490,358
Current Year Offset Credits	0	(1,112,593)
Qualifying Disbursements	<u>(269,099)</u>	<u>0</u>
Total	<u><u>(\$26,799)</u></u>	<u><u>(\$2,186,723)</u></u>
Set-aside Cash Balance		
Carried Forward to FY 2005	<u><u>(\$26,799)</u></u>	<u><u>(\$2,186,723)</u></u>

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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 14 – 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.

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 2004, the Piqua City School District paid \$123,888 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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Southwestern Ohio Educational Purchasing Council (Continued)

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 2004, the Piqua City School District paid \$1,831 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.

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 2004, the Piqua City School District paid \$4,666 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.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 15 – 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 16 - 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, 2004.

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, 2004.

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.

PIQUA CITY SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND INTERNAL
SERVICE 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.

Excellence in Education Fund

To account for funds from a State grant to provide reading assistance for at risk students. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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.

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.

(Continued)

PIQUA CITY SCHOOL DISTRICT

Special Revenue Funds

Summer Intervention Fund

To account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Ohio Revised Code.

School Conflict Management Grant Fund

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

Education for Economic Security Act (EESA) Fund

To account for monies for strengthening instruction in science, mathematics, modern foreign languages, English, the arts and computer learning. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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, inservice 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.

Interactive Video Distance Learning Fund

To account for monies spent by the State on behalf of the District. The monies are used for capital assets for the interactive video distance learning project. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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 2001.

(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.

Building Acquisition and Construction Fund

To account for monies acquired through the sale of bonds to construct, equip and furnish a new junior high school. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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.

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.

Endowment Trust 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, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and Cash Equivalents	\$ 838,562	\$ 85,971	\$ 59,491	\$ 984,024
Receivables:				
Accounts	436	0	0	436
Total Assets	<u><u>\$ 838,998</u></u>	<u><u>\$ 85,971</u></u>	<u><u>\$ 59,491</u></u>	<u><u>\$ 984,460</u></u>
Liabilities:				
Accounts Payable	\$ 40,084	\$ 0	\$ 0	\$ 40,084
Accrued Wages and Benefits	139,115	0	0	139,115
Intergovernmental Payable	172,808	0	0	172,808
Total Liabilities	<u><u>352,007</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>352,007</u></u>
Fund Balance:				
Reserved for Encumbrances	181,497	0	0	181,497
Reserved for Endowments	0	0	59,491	59,491
Unreserved, Undesignated in:				
Special Revenue Funds	305,494	0	0	305,494
Capital Projects Funds	0	85,971	0	85,971
Total Fund Balance	<u><u>486,991</u></u>	<u><u>85,971</u></u>	<u><u>59,491</u></u>	<u><u>632,453</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 838,998</u></u>	<u><u>\$ 85,971</u></u>	<u><u>\$ 59,491</u></u>	<u><u>\$ 984,460</u></u>

PIQUA CITY SCHOOL DISTRICT

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Investment Earnings	\$ 3,723	\$ 687	\$ 468	\$ 4,878
Extracurricular Activities	353,985	0	0	353,985
Intergovernmental - State	471,855	0	0	471,855
Intergovernmental - Federal	2,160,801	0	0	2,160,801
All Other Revenue	131,265	0	2,447	133,712
Total Revenue	3,121,629	687	2,915	3,125,231
Expenditures:				
Current:				
Instruction	1,998,487	0	0	1,998,487
Supporting Services:				
Pupils	98,290	0	3,200	101,490
Instructional Staff	128,233	0	0	128,233
Administration	23,202	0	0	23,202
Fiscal Services	2,145	0	0	2,145
Operation & Maintenance of Plant	2,194	0	0	2,194
Pupil Transportation	5,783	0	0	5,783
Operation of Non-Instructional Services	290,601	0	0	290,601
Extracurricular Activities	336,985	0	0	336,985
Capital Outlay	900	5,797	0	6,697
Total Expenditures	2,886,820	5,797	3,200	2,895,817
Excess (Deficiency) of Revenues				
Over Expenditures	234,809	(5,110)	(285)	229,414
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	254	0	0	254
Transfers In	4,078	0	0	4,078
Transfers Out	(4,078)	0	0	(4,078)
Total Other Financing Sources (Uses)	254	0	0	254
Net Change in Fund Balance	235,063	(5,110)	(285)	229,668
Fund Balance at Beginning of Year	251,928	91,081	59,776	402,785
Fund Balance End of Year	\$ 486,991	\$ 85,971	\$ 59,491	\$ 632,453

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004**

	Public School Support	Other Grant	District Managed Activity	Auxiliary Services
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and Cash Equivalents	\$ 124,358	\$ 512	\$ 231,441	\$ 46,908
Receivables:				
Accounts	0	0	436	0
Total Assets	<u>\$ 124,358</u>	<u>\$ 512</u>	<u>\$ 231,877</u>	<u>\$ 46,908</u>
Liabilities:				
Accounts Payable	\$ 9,267	\$ 0	\$ 16,839	\$ 3,701
Accrued Wages and Benefits	0	0	0	8,313
Intergovernmental Payable	0	0	0	2,071
Total Liabilities	<u>9,267</u>	<u>0</u>	<u>16,839</u>	<u>14,085</u>
Fund Balance:				
Reserved for Encumbrances	2,661	0	20,195	11,186
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	112,430	512	194,843	21,637
Total Fund Balance (Deficit)	<u>115,091</u>	<u>512</u>	<u>215,038</u>	<u>32,823</u>
Total Liabilities and Fund Balance	<u>\$ 124,358</u>	<u>\$ 512</u>	<u>\$ 231,877</u>	<u>\$ 46,908</u>

PIQUA CITY SCHOOL DISTRICT

Management Information System	Disadvantaged Pupil Impact Aid	Schoolnet Professional Development	OhioReads	Summer Intervention
\$ 52,127	\$ 0	\$ 2,620	\$ 16,539	\$ 10,643
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 52,127</u>	<u>\$ 0</u>	<u>\$ 2,620</u>	<u>\$ 16,539</u>	<u>\$ 10,643</u>
\$ 3,000	\$ 0	\$ 0	\$ 1,906	\$ 2,636
0	0	0	0	0
0	517	0	64	68
<u>3,000</u>	<u>517</u>	<u>0</u>	<u>1,970</u>	<u>2,704</u>
0	0	1,990	12,989	7,814
<u>49,127</u>	<u>(517)</u>	<u>630</u>	<u>1,580</u>	<u>125</u>
<u>49,127</u>	<u>(517)</u>	<u>2,620</u>	<u>14,569</u>	<u>7,939</u>
<u>\$ 52,127</u>	<u>\$ 0</u>	<u>\$ 2,620</u>	<u>\$ 16,539</u>	<u>\$ 10,643</u>

(Continued)

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004**

	School Conflict Management Grant	IDEA-B	Title I	Title V
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and Cash Equivalents	\$ 2,561	\$ 2,273	\$ 217,430	\$ 6,637
Receivables:				
Accounts	0	0	0	0
Total Assets	<u>\$ 2,561</u>	<u>\$ 2,273</u>	<u>\$ 217,430</u>	<u>\$ 6,637</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 608	\$ 1,711	\$ 0
Accrued Wages and Benefits	0	1,839	100,213	5,433
Intergovernmental Payable	2	139,464	23,450	1,270
Total Liabilities	<u>2</u>	<u>141,911</u>	<u>125,374</u>	<u>6,703</u>
Fund Balance:				
Reserved for Encumbrances	556	1,665	113,067	6,593
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	2,003	(141,303)	(21,011)	(6,659)
Total Fund Balance (Deficit)	<u>2,559</u>	<u>(139,638)</u>	<u>92,056</u>	<u>(66)</u>
Total Liabilities and Fund Balance	<u>\$ 2,561</u>	<u>\$ 2,273</u>	<u>\$ 217,430</u>	<u>\$ 6,637</u>

PIQUA CITY SCHOOL DISTRICT

<u>Title IV-A</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 63	\$ 82,214	\$ 42,236	\$ 838,562
<u>0</u>	<u>0</u>	<u>0</u>	<u>436</u>
<u>\$ 63</u>	<u>\$ 82,214</u>	<u>\$ 42,236</u>	<u>\$ 838,998</u>
\$ 0	\$ 416	\$ 0	\$ 40,084
0	23,317	0	139,115
<u>0</u>	<u>5,902</u>	<u>0</u>	<u>172,808</u>
<u>0</u>	<u>29,635</u>	<u>0</u>	<u>352,007</u>
63	878	1,840	181,497
<u>0</u>	<u>51,701</u>	<u>40,396</u>	<u>305,494</u>
<u>63</u>	<u>52,579</u>	<u>42,236</u>	<u>486,991</u>
<u>\$ 63</u>	<u>\$ 82,214</u>	<u>\$ 42,236</u>	<u>\$ 838,998</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, 2004**

	Public School Support	Other Grant	District Managed Activity	Auxiliary Services
Revenues:				
Investment Earnings	\$ 956	\$ 0	\$ 2,151	\$ 616
Extracurricular Activities	92,439	0	261,546	0
Intergovernmental - State	0	0	0	222,396
Intergovernmental - Federal	0	0	0	0
All Other Revenue	43,606	0	87,659	0
Total Revenue	137,001	0	351,356	223,012
Expenditures:				
Current:				
Instruction	110,821	0	0	0
Supporting Services:				
Pupils	0	0	5,216	0
Instructional Staff	3,986	0	0	0
Administration	1,493	0	0	0
Fiscal Services	0	0	0	0
Operation & Maintenance of Plant	320	0	150	0
Pupil Transportation	4,113	0	1,659	0
Operation of Non-Instructional Services	0	0	0	228,730
Extracurricular Activities	0	0	336,954	0
Capital Outlay	0	0	900	0
Total Expenditures	120,733	0	344,879	228,730
Excess (Deficiency) of Revenues Over Expenditures	16,268	0	6,477	(5,718)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	254	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	254	0
Net Change in Fund Balance	16,268	0	6,731	(5,718)
Fund Balance (Deficit) at Beginning of Year	98,823	512	208,307	38,541
Fund Balance (Deficit) End of Year	\$ 115,091	\$ 512	\$ 215,038	\$ 32,823

PIQUA CITY SCHOOL DISTRICT

Excellence in Education	Management Information System	Disadvantaged Pupil Impact Aid	SchoolNet Professional Development	OhioReads	Summer Intervention
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	13,360	90,565	4,140	35,003	73,112
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>13,360</u>	<u>90,565</u>	<u>4,140</u>	<u>35,003</u>	<u>73,112</u>
1,207	0	90,739	0	31,992	65,173
0	0	0	0	0	0
0	0	0	1,482	15,714	0
0	16,052	0	2,377	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,207</u>	<u>16,052</u>	<u>90,739</u>	<u>3,859</u>	<u>47,706</u>	<u>65,173</u>
(1,207)	(2,692)	(174)	281	(12,703)	7,939
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(1,207)	(2,692)	(174)	281	(12,703)	7,939
<u>1,207</u>	<u>51,819</u>	<u>(343)</u>	<u>2,339</u>	<u>27,272</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 49,127</u>	<u>\$ (517)</u>	<u>\$ 2,620</u>	<u>\$ 14,569</u>	<u>\$ 7,939</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, 2004

	School Conflict Management Grant	Education for Economic Security Act	IDEA-B	Title I
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 0	\$ 0
Extracurricular Activities	0	0	0	0
Intergovernmental - State	6,279	0	0	0
Intergovernmental - Federal	0	7,943	641,122	1,094,219
All Other Revenue	0	0	0	0
Total Revenue	6,279	7,943	641,122	1,094,219
Expenditures:				
Current:				
Instruction	283	0	685,116	703,337
Supporting Services:				
Pupils	0	0	922	86,950
Instructional Staff	4,599	0	11	90,569
Administration	3,280	0	0	0
Fiscal Services	0	0	0	2,145
Operation & Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services	0	0	42,232	16,181
Extracurricular Activities	0	0	0	31
Capital Outlay	0	0	0	0
Total Expenditures	8,162	0	728,281	899,213
Excess (Deficiency) of Revenues				
Over Expenditures	(1,883)	7,943	(87,159)	195,006
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	(4,078)	0	0
Total Other Financing Sources (Uses)	0	(4,078)	0	0
Net Change in Fund Balance	(1,883)	3,865	(87,159)	195,006
Fund Balance (Deficit) at Beginning of Year	4,442	(3,865)	(52,479)	(102,950)
Fund Balance (Deficit) End of Year	\$ 2,559	\$ 0	\$ (139,638)	\$ 92,056

PIQUA CITY SCHOOL DISTRICT

Title V	Title IV-A	Interactive Video Distance Learning	2004 One Net	Title II-A	Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,723
0	0	0	0	0	0	353,985
0	0	0	27,000	0	0	471,855
27,423	33,961	0	0	301,983	54,150	2,160,801
0	0	0	0	0	0	131,265
<u>27,423</u>	<u>33,961</u>	<u>0</u>	<u>27,000</u>	<u>301,983</u>	<u>54,150</u>	<u>3,121,629</u>
19,349	37,790	1,186	27,000	214,804	9,690	1,998,487
0	0	0	0	0	5,202	98,290
0	0	0	0	11,357	515	128,233
0	0	0	0	0	0	23,202
0	0	0	0	0	0	2,145
0	0	0	0	0	1,724	2,194
11	0	0	0	0	0	5,783
3,458	0	0	0	0	0	290,601
0	0	0	0	0	0	336,985
0	0	0	0	0	0	900
<u>22,818</u>	<u>37,790</u>	<u>1,186</u>	<u>27,000</u>	<u>226,161</u>	<u>17,131</u>	<u>2,886,820</u>
4,605	(3,829)	(1,186)	0	75,822	37,019	234,809
0	0	0	0	0	0	254
0	0	0	0	4,078	0	4,078
0	0	0	0	0	0	(4,078)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,078</u>	<u>0</u>	<u>254</u>
4,605	(3,829)	(1,186)	0	79,900	37,019	235,063
(4,671)	3,892	1,186	0	(27,321)	5,217	251,928
<u>\$ (66)</u>	<u>\$ 63</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,579</u>	<u>\$ 42,236</u>	<u>\$ 486,991</u>

PIQUA CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004***

	<u>Replacement</u>
Assets:	
Cash and Cash Equivalents	\$ 85,971
Total Assets	<u>\$ 85,971</u>
Liabilities:	
Total Liabilities	<u>0</u>
Fund Balance:	
Unreserved, Undesignated in:	
Capital Projects Funds	<u>85,971</u>
Total Fund Balance	<u>85,971</u>
Total Liabilities and Fund Balance	<u>\$ 85,971</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, 2004***

	Building Acquisition and Construction	Replacement	Total Nonmajor Capital Projects Funds
Revenues:			
Investment Earnings	\$ 6	\$ 681	\$ 687
Total Revenue	<u>6</u>	<u>681</u>	<u>687</u>
Expenditures:			
Current:			
Capital Outlay	5,797	0	5,797
Total Expenditures	<u>5,797</u>	<u>0</u>	<u>5,797</u>
Net Change in Fund Balance	(5,791)	681	(5,110)
Fund Balance at Beginning of Year	<u>5,791</u>	<u>85,290</u>	<u>91,081</u>
Fund Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 85,971</u></u>	<u><u>\$ 85,971</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,038,985</u>	<u>\$ 1,029,223</u>	<u>\$ 1,029,368</u>	<u>\$ 145</u>
Total Expenditures and Other Financing Uses	<u>1,295,963</u>	<u>1,286,200</u>	<u>1,018,333</u>	<u>267,867</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(256,978)	(256,977)	11,035	268,012
Fund Balance at Beginning of Year	<u>256,978</u>	<u>256,978</u>	<u>256,978</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 268,013</u></u>	<u><u>\$ 268,012</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, 2004***

PERMANENT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 1,269,678	\$ 1,253,311	\$ 1,254,289	\$ 978
Total Expenditures and Other Financing Uses	<u>2,660,763</u>	<u>2,738,139</u>	<u>1,101,095</u>	<u>1,637,044</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,391,085)	(1,484,828)	153,194	1,638,022
Fund Balance at Beginning of Year	1,391,088	1,391,088	1,391,088	0
Prior Year Encumbrances	<u>93,740</u>	<u>93,740</u>	<u>93,740</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 93,743</u>	<u>\$ 0</u>	<u>\$ 1,638,022</u>	<u>\$ 1,638,022</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 122,280</u>	<u>\$ 136,970</u>	<u>\$ 137,040</u>	<u>\$ 70</u>
Total Expenditures and Other Financing Uses	<u>214,100</u>	<u>238,532</u>	<u>119,434</u>	<u>119,098</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(91,820)	(101,562)	17,606	119,168
Fund Balance at Beginning of Year	91,819	91,819	91,819	0
Prior Year Encumbrances	<u>9,743</u>	<u>9,743</u>	<u>9,743</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 9,742</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 119,168</u></u>	<u><u>\$ 119,168</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, 2004***

	OTHER GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>513</u>	<u>513</u>	<u>0</u>	<u>513</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(513)	(513)	0	513
Fund Balance at Beginning of Year	<u>512</u>	<u>512</u>	<u>512</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (1)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ 512</u></u>	<u><u>\$ 513</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, 2004***

DISTRICT MANAGED ACTIVITY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 540,193	\$ 350,765	\$ 352,562	\$ 1,797
Total Expenditures and Other Financing Uses	<u>719,607</u>	<u>587,274</u>	<u>390,926</u>	<u>196,348</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(179,414)	(236,509)	(38,364)	198,145
Fund Balance at Beginning of Year	179,416	179,416	179,416	0
Prior Year Encumbrances	<u>57,091</u>	<u>57,091</u>	<u>57,091</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 57,093</u></u>	<u><u>\$ (2)</u></u>	<u><u>\$ 198,143</u></u>	<u><u>\$ 198,145</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, 2004***

AUXILIARY SERVICES FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 220,577	\$ 222,976	\$ 223,016	\$ 40
Total Expenditures and Other Financing Uses	230,148	299,874	267,525	32,349
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,571)	(76,898)	(44,509)	32,389
Fund Balance at Beginning of Year	9,571	9,571	9,571	0
Prior Year Encumbrances	<u>67,329</u>	<u>67,329</u>	<u>67,329</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,329</u>	<u>\$ 2</u>	<u>\$ 32,391</u>	<u>\$ 32,389</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, 2004***

	<u>Original Budget</u>	<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>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>1,207</u>	<u>1,207</u>	<u>1,207</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,207)	(1,207)	(1,207)	0
Fund Balance at Beginning of Year	<u>1,207</u>	<u>1,207</u>	<u>1,207</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>	<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, 2004***

MANAGEMENT INFORMATION SYSTEM FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 11,000	\$ 13,360	\$ 13,360	\$ 0
Total Expenditures and Other Financing Uses	62,819	65,179	16,052	49,127
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(51,819)	(51,819)	(2,692)	49,127
Fund Balance at Beginning of Year	51,819	51,819	51,819	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 49,127	\$ 49,127

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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 90,565</u>	<u>\$ 90,565</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>90,565</u>	<u>90,565</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<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>	<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, 2004***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 4,140	\$ 4,140	\$ 0
Total Expenditures and Other Financing Uses	2,557	7,047	6,417	630
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,557)	(2,907)	(2,277)	630
Fund Balance at Beginning of Year	2,557	2,557	2,557	0
Prior Year Encumbrances	350	350	350	0
Fund Balance at End of Year	\$ 350	\$ 0	\$ 630	\$ 630

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, 2004***

	OHIOREADS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 15,000	\$ 35,000	\$ 35,000	\$ 0
Total Expenditures and Other Financing Uses	27,581	64,594	62,951	1,643
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,581)	(29,594)	(27,951)	1,643
Fund Balance at Beginning of Year	12,582	12,582	12,582	0
Prior Year Encumbrances	17,010	17,010	17,010	0
Fund Balance at End of Year	<u>\$ 17,011</u>	<u>\$ (2)</u>	<u>\$ 1,641</u>	<u>\$ 1,643</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 73,111</u>	<u>\$ 73,111</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>73,112</u>	<u>72,919</u>	<u>193</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(1)	192	193
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ 192</u></u>	<u><u>\$ 193</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, 2004***

SCHOOL CONFLICT MANAGEMENT GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 6,280	\$ 6,280	\$ 0
Total Expenditures and Other Financing Uses	4,482	11,360	9,356	2,004
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,482)	(5,080)	(3,076)	2,004
Fund Balance at Beginning of Year	4,483	4,483	4,483	0
Prior Year Encumbrances	599	599	599	0
Fund Balance at End of Year	\$ 600	\$ 2	\$ 2,006	\$ 2,004

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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 77</u>	<u>\$ 7,921</u>	<u>\$ 7,844</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>77</u>	<u>7,921</u>	<u>(7,844)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<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>	<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, 2004***

IDEA-B FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 645,598	\$ 641,123	\$ 641,122	\$ (1)
Total Expenditures and Other Financing Uses	<u>686,965</u>	<u>684,848</u>	<u>684,848</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(41,367)	(43,725)	(43,726)	(1)
Fund Balance at Beginning of Year	41,368	41,368	41,368	0
Prior Year Encumbrances	<u>2,358</u>	<u>2,358</u>	<u>2,358</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,359</u></u>	<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, 2004***

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 1,023,911</u>	<u>\$ 1,094,218</u>	<u>\$ 1,094,218</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>1,044,530</u>	<u>1,115,839</u>	<u>1,013,186</u>	<u>102,653</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(20,619)	(21,621)	81,032	102,653
Fund Balance at Beginning of Year	20,619	20,619	20,619	0
Prior Year Encumbrances	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,000</u></u>	<u><u>\$ (2)</u></u>	<u><u>\$ 102,651</u></u>	<u><u>\$ 102,653</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, 2004***

	TITLE V FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 36,054</u>	<u>\$ 27,423</u>	<u>\$ 27,422</u>	<u>\$ (1)</u>
Total Expenditures and Other Financing Uses	<u>36,055</u>	<u>27,424</u>	<u>27,379</u>	<u>45</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1)	(1)	43	44
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (1)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ 43</u></u>	<u><u>\$ 44</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, 2004***

	TITLE IV-A FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 25,339</u>	<u>\$ 33,961</u>	<u>\$ 37,853</u>	<u>\$ 3,892</u>
Total Expenditures and Other Financing Uses	<u>29,231</u>	<u>37,852</u>	<u>41,745</u>	<u>(3,893)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,892)	(3,891)	(3,892)	(1)
Fund Balance at Beginning of Year	<u>3,892</u>	<u>3,892</u>	<u>3,892</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<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, 2004***

INTERACTIVE VIDEO DISTANCE LEARNING FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
 Total Expenditures and Other Financing Uses	0	1,200	1,200	0
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(1,200)	(1,200)	0
 Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	1,200	1,200	1,200	0
Fund Balance at End of Year	\$ 1,200	\$ 0	\$ 0	\$ 0

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, 2004***

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

	TITLE II-A FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 263,769</u>	<u>\$ 301,983</u>	<u>\$ 306,061</u>	<u>\$ 4,078</u>
Total Expenditures and Other Financing Uses	<u>263,798</u>	<u>302,377</u>	<u>225,734</u>	<u>76,643</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(29)	(394)	80,327	80,721
Fund Balance at Beginning of Year	29	29	29	0
Prior Year Encumbrances	<u>365</u>	<u>365</u>	<u>365</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 365</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 80,721</u></u>	<u><u>\$ 80,721</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, 2004***

MISCELLANEOUS FEDERAL GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 28,938	\$ 54,150	\$ 58,309	\$ 4,159
Total Expenditures and Other Financing Uses	32,073	59,367	23,130	36,237
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,135)	(5,217)	35,179	40,396
Fund Balance at Beginning of Year	3,887	3,887	3,887	0
Prior Year Encumbrances	1,330	1,330	1,330	0
Fund Balance at End of Year	<u>\$ 2,082</u>	<u>\$ 0</u>	<u>\$ 40,396</u>	<u>\$ 40,396</u>

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, 2004***

BUILDING ACQUISITION AND CONSTRUCTION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 6	\$ 6	\$ 0
 Total Expenditures and Other Financing Uses	5,791	5,797	5,797	0
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,791)	(5,791)	(5,791)	0
 Fund Balance at Beginning of Year	5,791	5,791	5,791	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2004***

	REPLACEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 1,500	\$ 634	\$ 681	\$ 47
Total Expenditures and Other Financing Uses	86,790	85,925	0	85,925
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(85,290)	(85,291)	681	85,972
Fund Balance at Beginning of Year	85,290	85,290	85,290	0
Fund Balance at End of Year	\$ 0	\$ (1)	\$ 85,971	\$ 85,972

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, 2004***

	PERMANENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 5,975</u>	<u>\$ 2,883</u>	<u>\$ 2,915</u>	<u>\$ 32</u>
Total Expenditures and Other Financing Uses	<u>63,751</u>	<u>62,658</u>	<u>4,200</u>	<u>58,458</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(57,776)	(59,775)	(1,285)	58,490
Fund Balance at Beginning of Year	57,776	57,776	57,776	0
Prior Year Encumbrances	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,000</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 58,491</u></u>	<u><u>\$ 58,490</u></u>



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, 2004***

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$33,281	\$64,215	(\$61,955)	\$35,541
Total Assets	<u>\$33,281</u>	<u>\$64,215</u>	<u>(\$61,955)</u>	<u>\$35,541</u>
Liabilities:				
Due to Students	\$33,281	\$64,215	(\$61,955)	\$35,541
Total Liabilities	<u>\$33,281</u>	<u>\$64,215</u>	<u>(\$61,955)</u>	<u>\$35,541</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, 2004*

Capital Assets

Land	\$323,722
Land Improvements	1,879,738
Buildings and Improvements	30,434,330
Machinery and Equipment	5,209,923
Vehicles	<u>1,626,807</u>
Total Capital Assets	<u><u>\$39,474,520</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1996	\$3,502,559
General Fund	28,133,068
Special Revenue Fund	451,176
Capital Project Funds	3,629,977
Fiduciary Funds	14,396
Capital Leases	558,389
Donations	<u>3,184,955</u>
Total Investment in Capital Assets	<u><u>\$39,474,520</u></u>

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2004***

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Instructional Services	\$0	\$0	\$2,464
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal Services	0	0	0
Operation and Maintenance of Plant	0	0	29,210
Pupil Transportation	0	0	55,789
Auxiliary Services	0	0	0
Extracurricular Activities	0	1,530,691	1,602,330
Facility Acquisition and Improvement	<u>323,722</u>	<u>349,047</u>	<u>28,744,537</u>
Total Capital Assets	<u><u>\$323,722</u></u>	<u><u>\$1,879,738</u></u>	<u><u>\$30,434,330</u></u>

PIQUA CITY SCHOOL DISTRICT

<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$3,695,598	\$0	\$3,698,062
13,726	0	13,726
114,434	0	114,434
456,562	0	456,562
1,195	0	1,195
247,787	157,465	434,462
107,326	1,469,342	1,632,457
36,113	0	36,113
448,675	0	3,581,696
88,507	0	29,505,813
<u>\$5,209,923</u>	<u>\$1,626,807</u>	<u>\$39,474,520</u>

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
June 30, 2004***

Function and Activity	June 30, 2003	Additions	Deletions	June 30, 2004
Instructional Services	\$3,632,638	\$122,648	(\$57,224)	\$3,698,062
Support Services:				
Pupils	13,726	0	0	13,726
Instructional Staff	114,434	0	0	114,434
Administration	407,297	58,269	(9,004)	456,562
Fiscal Services	1,195	0	0	1,195
Operation and Maintenance of Plant	377,904	56,558	0	434,462
Pupil Transportation	1,576,207	56,250	0	1,632,457
Auxiliary Services	35,026	1,087	0	36,113
Extracurricular Activities	3,573,937	10,009	(2,250)	3,581,696
Facility Acquisition and Improvement	29,460,514	45,299	0	29,505,813
Total Capital Assets	<u>\$39,192,878</u>	<u>\$350,120</u>	<u>(\$68,478)</u>	<u>\$39,474,520</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE DISTRICT.*

PIQUA CITY SCHOOL DISTRICT, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Instructional Services	Pupils	Instructional Staff	Board of Education and Administration	Fiscal Services	Business	Operation and Maintenance of Plant	Subtotal
1995 a	\$10,153,615	\$774,537	\$585,432	\$1,770,207	\$346,669	\$66,330	\$1,684,076	\$15,380,866
1996 b	10,891,962	862,282	638,649	1,744,493	339,663	106,998	1,682,779	16,266,826
1997 b	11,626,531	926,869	605,945	1,958,642	400,445	126,764	1,692,106	17,337,302
1998 b	11,712,326	1,089,114	1,231,325	1,507,192	414,618	49,526	1,861,622	17,865,723
1999 b	12,988,251	1,120,232	1,295,774	1,601,964	435,276	47,670	2,068,994	19,558,161
2000 b	13,803,963	1,219,060	1,438,537	1,761,912	447,109	85,214	2,265,892	21,021,687
2001 b	15,576,121	1,381,888	1,616,903	1,899,350	490,768	67,022	2,253,092	23,285,144
2002 b	16,388,979	1,492,034	1,715,646	1,983,223	542,155	97,136	2,418,031	24,637,204
2003 b	16,183,138	1,485,538	1,680,677	1,992,789	592,978	90,036	2,365,280	24,390,436
2004 b	16,358,199	1,463,501	1,676,962	2,137,052	619,032	77,078	2,494,020	24,825,844

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

- (1) Includes General Fund, Special Revenue Funds and Debt Service Fund
Beginning in 2001, includes all Governmental Funds

(Continued)

PIQUA CITY SCHOOL DISTRICT, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Pupil Transportation Services	Capital Outlay and Central	Operation of Non-Instructional Services	Extracurricular Activities	Debt Services	Subtotal Page 2	Subtotal Page 1	Total
1995 a	\$796,432	\$58,959	\$20,371	\$392,520	\$666,820	\$1,935,102	15,380,866	17,315,968
1996 b	745,717	25,964	261,010	369,880	538,722	1,941,293	16,266,826	18,208,119
1997 b	764,139	26,071	239,950	458,353	511,485	1,999,998	17,337,302	19,337,300
1998 b	808,272	22,061	244,108	443,303	826,632	2,344,376	17,865,723	20,210,099
1999 b	881,502	41,062	269,070	435,478	1,040,391	2,667,503	19,558,161	22,225,664
2000 b	947,298	37,555	249,384	393,257	1,040,782	2,668,276	21,021,687	23,689,963
2001 b	1,115,349	1,035,449	297,395	606,210	983,269	4,037,672	23,285,144	27,322,816
2002 b	1,086,408	898,659	271,086	741,995	1,002,607	4,000,755	24,637,204	28,637,959
2003 b	1,089,645	355,806	256,590	621,347	1,393,413	3,716,801	24,390,436	28,107,237
2004 b	1,157,741	208,540	290,601	572,846	1,374,077	3,603,805	24,825,844	28,429,649

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund
Beginning in 2001, includes all Governmental Funds

PIQUA CITY SCHOOL DISTRICT, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year		Taxes	Tuition and Fees	Investment Earnings	Extracurricular Activities	Intergovernmental Revenues	Intermediate Sources and All Other	Total
1995	a	\$7,850,321	\$137,912	\$107,944	\$247,962	\$8,666,551	\$169,296	\$17,179,986
1996	b	8,523,057	181,217	155,285	243,989	9,275,141	119,071	18,497,760
1997	b	9,219,961	201,069	167,509	260,576	9,420,109	126,564	19,395,788
1998	b	9,489,071	200,771	201,744	258,116	9,600,941	266,528	20,017,171
1999	b	10,129,637	192,109	210,639	247,761	11,142,598	141,607	22,064,351
2000	b	10,591,972	193,240	237,408	261,283	11,173,134	176,653	22,633,690
2001	b	12,209,859	219,558	296,578	393,741	12,576,506	469,876	26,166,118
2002	b	12,588,015	226,980	130,558	455,162	13,468,392	411,390	27,280,497
2003	b	12,424,401	343,255	68,486	370,617	13,398,673	235,355	26,840,787
2004	b	13,464,803	220,734	42,006	353,985	15,484,998	295,464	29,861,990

a - Cash Basis Financial Data
b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund
Beginning in 2001, includes all Governmental Funds

PIQUA CITY SCHOOL DISTRICT, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN CALENDAR YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1994	\$6,897,345	\$6,664,382	\$337,615	\$7,001,997	101.52%	\$321,456	4.66%
1995	7,920,865	7,854,013	343,779	8,197,792	103.50%	186,266	2.35%
1996	9,025,460	8,665,002	162,284	8,827,286	97.80%	228,252	2.53%
1997	9,437,879	9,300,855	244,319	9,545,174	101.14%	300,816	3.19%
1998	10,202,843	9,472,029	276,586	9,748,615	95.55%	418,622	4.10%
1999	10,910,366	10,232,213	291,602	10,523,815	96.46%	331,366	3.04%
2000	11,341,840	10,991,532	252,431	11,243,963	99.14%	496,884	4.38%
2001	11,758,537	11,128,261	214,775	11,343,036	96.47%	818,370	6.96%
2002	12,134,631	11,692,681	287,621	11,980,302	98.73%	965,901	7.96%
2003	12,017,350	11,686,585	248,690	11,935,275	99.32%	1,107,525	9.22%

Source: Miami County Auditor

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

PIQUA CITY SCHOOL DISTRICT, OHIO

ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY LAST TEN CALENDAR YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$201,565,880	\$575,902,514	\$11,489,450	\$32,827,000	\$52,858,132	\$211,432,528	\$265,913,462	\$820,162,042	32.42%
1995 *	247,425,490	706,929,971	10,919,250	31,197,857	56,811,090	227,244,360	315,155,830	965,372,188	32.65%
1996	252,125,100	720,357,429	10,854,110	31,011,743	61,366,380	245,465,520	324,345,590	996,834,692	32.54%
1997	259,225,930	740,645,514	10,890,060	31,114,457	68,360,960	273,443,840	338,476,950	1,045,203,811	32.38%
1998 **	293,663,630	839,038,943	10,998,270	31,423,629	72,797,510	291,190,040	377,459,410	1,161,652,612	32.49%
1999	300,735,930	859,245,514	10,586,630	30,247,514	81,577,010	326,308,040	392,899,570	1,215,801,068	32.32%
2000	310,878,670	888,224,771	10,154,970	29,014,200	80,763,908	323,055,632	401,797,548	1,240,294,603	32.40%
2001 *	333,483,290	952,809,400	7,357,810	21,022,314	82,471,680	329,886,720	423,312,780	1,303,718,434	32.47%
2002	338,895,480	968,272,800	7,755,360	22,158,171	85,311,390	341,245,560	431,962,230	1,331,676,531	32.44%
2003	344,418,880	984,053,942	7,417,100	21,191,714	78,654,750	314,619,000	430,490,730	1,319,864,656	32.62%

Source: Miami County Auditor

* Reappraisal

** Update

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

PIQUA CITY SCHOOL DISTRICT, OHIO

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN CALENDAR YEARS*

<u>Collection Year</u>	<u>Piqua City School District</u>			<u>Total</u>	<u>City of Piqua</u>	<u>Joint Vocational School</u>	<u>Miami County</u>	<u>Special Taxing Districts</u>	<u>Total</u>
	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>						
1994	36.00	2.00	3.50	41.50	4.39	3.40	10.51	0.50	60.30
1995	36.00	1.80	3.50	41.30	4.40	4.90	6.02	0.50	57.12
1996	35.00	1.20	4.50	40.70	4.42	4.90	7.03	0.50	57.55
1997	35.00	1.20	4.50	40.70	4.42	4.90	8.82	0.50	59.34
1998	35.00	1.12	4.50	40.62	4.43	4.90	8.82	0.50	59.27
1999	35.00	2.56	3.00	40.56	4.41	4.90	8.81	0.50	59.18
2000	35.00	2.60	3.00	40.60	4.45	4.90	8.83	0.50	59.28
2001	35.00	2.50	3.00	40.50	4.45	4.90	8.43	0.50	58.78
2002	35.00	2.42	3.00	40.42	4.43	4.90	9.13	0.50	59.38
2003	35.00	2.42	3.00	40.42	4.43	4.90	9.13	0.50	59.38

Source: Miami County Auditor
Miami County Treasurer

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

PIQUA CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2004

Net Assessed Valuation	\$430,490,730
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	38,744,166
Applicable District Debt Outstanding	10,485,432
Less: Applicable Debt Service Fund Amounts	(318,529)
Net Indebtedness Subject to Limitation	<u>10,166,903</u>
Voted Legal Debt Margin	<u><u>\$28,577,263</u></u>
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	430,491
Applicable District Debt Outstanding	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$430,491</u></u>

(1) Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.
All School District debt subject to the limitation is voted.

PIQUA CITY SCHOOL DISTRICT, OHIO

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN YEARS

Year		Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1995	a	20,612	\$265,913,462	\$2,625,000	\$337,675	\$2,287,325	0.86%	\$110.97
1996	b	20,612	315,155,830	2,085,500	397,066	1,688,434	0.54%	81.92
1997	b	20,612	324,345,590	1,631,900	398,112	1,233,788	0.38%	59.86
1998	b	20,612	338,476,950	13,146,932	533,967	12,612,965	3.73%	611.92
1999	b	20,612	377,459,410	12,689,432	259,982	12,429,450	3.29%	603.02
2000	b	20,612	392,899,570	11,995,432	191,193	11,804,239	3.00%	572.69
2001	b	20,738	401,797,548	11,580,432	215,874	11,364,558	2.83%	548.01
2002	b	20,738	423,312,780	11,125,432	229,055	10,896,377	2.57%	525.43
2003	b	20,738	431,962,230	10,635,432	262,134	10,373,298	2.40%	500.21
2004	b	20,738	430,490,730	10,135,432	318,529	9,816,903	2.28%	473.38

(1) City of Piqua 2000 Census.

(2) Source: Miami County Auditor

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

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

PIQUA CITY SCHOOL DISTRICT, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

<u>Year</u>		<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1995	a	\$529,520	\$137,300	\$666,820	\$17,315,968	3.85%
1996	b	451,953	242,959	694,912	18,208,119	3.82%
1997	b	453,600	207,885	661,485	19,337,300	3.42%
1998	b	480,400	395,936	876,336	20,210,099	4.34%
1999	b	457,500	632,782	1,090,282	22,225,664	4.91%
2000	b	694,000	624,355	1,318,355	23,689,963	5.57%
2001	b	415,000	568,269	983,269	27,322,816	3.60%
2002	b	455,000	547,607	1,002,607	28,637,959	3.50%
2003	b	490,000	525,162	1,015,162	28,107,237	3.61%
2004	b	500,000	501,650	1,001,650	28,429,649	3.52%

a - Cash Basis Financial Data
b - GAAP Basis Financial Data

PIQUA CITY SCHOOL DISTRICT, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
JUNE 30, 2004**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Piqua City School District</u>	<u>Amount Applicable to Piqua City School District</u>
Direct			
Piqua City School District	\$10,485,432	100.00%	\$10,485,432
Overlapping Subdivisions			
City of Piqua	3,122,778	100.00%	3,122,778
Miami County	7,560,000	20.73%	<u>1,567,188</u>
		Subtotal	<u>4,689,966</u>
		Total	<u><u>\$15,175,398</u></u>

Source: Miami County Auditor and Fiscal Officers of Subdivision.

PIQUA CITY SCHOOL DISTRICT, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Piqua City Population (1)</u>	<u>Miami County Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Miami County (3)</u>	<u>Unemployment Rate State of Ohio (3)</u>	<u>Per Capita Income Miami County Area (4)</u>
1995	20,612	93,182	4,163	3.7%	4.8%	\$22,626
1996	20,612	93,182	4,021	4.2%	4.9%	22,875
1997	20,612	93,182	4,071	4.2%	4.2%	24,188
1998	20,612	93,182	4,087	3.6%	4.3%	26,356
1999	20,612	93,182	3,948	3.9%	4.0%	27,271
2000	20,612	93,182	4,015	3.0%	4.2%	N/A
2001	20,738	98,868	3,911	4.6%	4.2%	N/A
2002	20,738	98,868	3,846	4.3%	4.2%	N/A
2003	20,738	98,868	3,860	5.3%	5.5%	N/A
2004	20,738	98,868	3,932	5.5%	5.8%	28,685

Source: (1) City of Piqua
 (2) Piqua City School District, Board of Education
 (3) State Department of Labor
 (4) Ohio Department of Development - Office of Strategic Research Website

PIQUA CITY SCHOOL DISTRICT, OHIO

PROPERTY VALUE AND CONSTRUCTION PERMITS LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1994	20	\$2,477,500	51	\$2,863,050
1995	60	8,070,170	57	4,797,670
1996	67	13,268,400	60	13,016,098
1997	49	5,920,900	22	6,991,340
1998	62	9,090,800	14	18,500,000
1999	56	8,545,400	19	4,936,887
2000	59	8,848,197	15	15,054,061
2001	50	7,978,500	23	9,485,000
2002	56	8,243,875	8	2,681,000
2003	34	5,283,600	16	7,938,800

Source: City of Piqua Engineering Office

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

PIQUA CITY SCHOOL DISTRICT, OHIO

PRINCIPAL TAXPAYERS (TANGIBLE PERSONAL PROPERTY TAX) DECEMBER 31, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1 Evenflo Juvenile	Manufacturer - Juvenile Furniture	\$6,284,760	7.99%
2 LTV Miami Acquisition Corp - Copperweld	Manufacturer - Steel Tubing	5,746,030	7.31%
3 Jackson Tube Service, Inc.	Manufacturer - Steel Tubing	5,729,740	7.28%
4 Charter Corporation - Hartzell Propeller	Manufacturer - Aircraft Propeller	5,556,660	7.06%
5 Crane Pumps and Systems	Manufacturer - Industrial Pumps	3,194,660	4.06%
6 Miami Valley Steel Service	Manufacturer - Steel Processing	3,069,060	3.90%
7 Illinois Tool Works - Hobart Bros. Co.	Manufacturer - Tubular Wire Plant	2,229,970	2.84%
8 Hartzell Hardwoods, Inc.	Hardwood Processing	1,979,540	2.52%
9 Paul Sherry RV Inc.	Retail	1,789,650	2.28%
10 Industry Products Company	Manufacturer - Stamping	1,756,330	2.23%
	Sub-Total	37,336,400	47.47%
	All Others	41,318,350	52.53%
	Total	\$78,654,750	100.00%

Source: Miami County Auditor - Land and Buildings
Based on valuation of property taxes collected in 2003

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

PIQUA CITY SCHOOL DISTRICT, OHIO

**PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Midamco	Hospitality	\$9,677,310	2.75%
2	Jackson Tube	Manufacturer - Steel Tubing	2,659,650	0.76%
3	Evenflo Juvenile	Manufacturer - Juvenile Furniture	2,229,270	0.63%
4	Med-Terra Inc.	Real Estate	2,207,480	0.63%
5	Ohio Bell Telephone	Utility	1,996,790	0.57%
6	Home Depot	Building Supply - Retail	1,990,880	0.57%
7	NK New Plan Exchange	Shopping Mall	1,607,140	0.46%
8	Miami Valley Steel	Manufacturer - Steel Processing	1,549,910	0.44%
9	Bubzay Ventures III LLC	Shopping Mall	1,539,930	0.44%
10	HCF Reality of Garbry	Senior Housing	1,384,640	0.39%
		Sub-Total	26,843,000	7.64%
		All Others	324,992,980	92.36%
		Total	<u>\$351,835,980</u>	<u>100.00%</u>

Source: Miami County Auditor - Land and Buildings
Based on valuation of property taxes collected in 2003

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

PIQUA CITY SCHOOL DISTRICT, OHIO

PRINCIPAL EMPLOYERS DECEMBER 31, 2003

	<u>Employer</u>	<u>Type of Business</u>	<u>Total Number of Employees</u>
1	Evenflo Company	Manufacturer - Juvenile Furniture	400
2	Crane Pumps and Systems	Manufacturer - Industrial Pumps	353
3	Jackson Tube	Manufacturer - Steel Tubing	350
4	Takata Seat Belts	Distribution Center - Seat belts	302
5	Hartzell Propeller	Manufacturer - Aircraft Propellers	293
6	Industry Products	Die Cutting, Silk Sceneing	283
7	Piqua Technologies	Manufacturer - Auto Industry Seals	200
8	Miami Valley Steel	Manufacturer - Steel Products	150
9	Orr Felt Company	Manufacturer - Paper Felts	125
10	Hartzell Fan Inc.	Manufacturer - Industrial Air Handlers	104

Source: Piqua Chamber of Commerce

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

PIQUA CITY SCHOOL DISTRICT, OHIO

MISCELLANEOUS STATISTICS JUNE 30, 2004

Date of Incorporation	1908
Form of Government	School - Political Subdivision
Area	55 square miles
Miles traveled by Transportation Fleet for the 2003-2004 School Year	390,097
Meals Served by Food Service Department for the 2003-2004 School Year	617,211

<u>School Buildings</u>	<u>Grade Levels</u>	<u>Enrollment</u>
Piqua Senior High School	9 - 12	1,265
Piqua Junior High School	7 - 8	660
Bennett Intermediate School	4 - 6	232
Wilder Intermediate School	4 - 6	292
Washington Intermediate School	4 - 6	280
Favorite Hill Primary School	1 - 3	303
High Street Primary School	1 - 3	269
Springcreek Primary School	1 - 3	264
Nicklin Avenue Learning Center	K	367

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

STAFF STATISTICS JUNE 30, 2004

Average classroom teacher salary	\$49,949
Average classroom teacher experience	16.21 years
Districtwide student/teacher ratio	18.6 : 1

Certified Staff

Classroom Teachers	184
Instructional Support	18
Administrators and Supervisors	19

Support Staff

Administration	5
Operations	5
Maintenance	24
Transportation	21
Clerical	24
Aides	30
Food Service	45
Parents as Teachers	3

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

TEACHERS EDUCATION AND EXPERIENCE STATISTICS JUNE 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	20	9.8%
Bachelor + 15	3	1.5%
Bachelor + 30	36	17.8%
Master's Degree	63	31.2%
Master's +10	70	34.7%
Master's +30	10	5.0%
Total	202	100.0%

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	28	13.8%
6 - 10	36	17.8%
11 - 15	29	14.4%
16 - 20	27	13.4%
21 - 25	25	12.4%
26 and over	57	28.2%
Total	202	100.0%

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

***COST PER PUPIL STATISTICS
LAST TEN YEARS***

<u>Fiscal Year</u>	<u>General Governmental Expenditures</u>	<u>Enrollment</u>	<u>Cost per Pupil</u>
1995	\$17,315,968	4,163	\$4,159
1996	18,208,119	4,021	4,528
1997	19,337,300	4,071	4,750
1998	20,210,099	4,087	4,945
1999	22,225,664	3,948	5,630
2000	23,689,963	4,015	5,900
2001	27,322,816	3,911	6,986
2002	28,637,959	3,846	7,446
2003	28,107,237	3,860	7,282
2004	28,429,649	3,932	7,230

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

TRANSPORTATION STATISTICS JUNE 30, 2004

Number of assigned school buses in fleet	21
Average age of school buses in fleet	8.26 years
Number of bus drivers	21
Average number of years of experience	12.14 years
Number of miles driven per day	1,931
Number of miles driven annually	347,580
Average miles per bus	16,552

Students Transported per Day

Public School	2,398
Non-public School	312
Handicapped	73
Preschool	<u>31</u>
Total	2,814
Percent of student enrollment transported	65%

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

**ENROLLMENT STATISTICS
LAST TEN YEARS**

Fiscal Year	K	1	2	3	4	5	6	7	8	9	10	11	12	Non- Grade	Total
1995	312	307	320	344	322	286	329	309	342	367	326	303	250	46	4,163
1996	305	312	291	304	323	319	281	325	284	343	344	323	232	35	4,021
1997	340	306	309	299	317	319	325	294	326	296	339	361	223	17	4,071
1998	300	355	303	321	293	321	314	307	298	334	310	331	300	0	4,087
1999	311	307	304	289	288	287	309	309	311	311	322	309	291	0	3,948
2000	289	289	312	311	304	306	299	339	314	325	327	322	278	0	4,015
2001	318	258	274	293	313	292	296	311	327	324	309	306	290	0	3,911
2002	325	291	241	268	298	329	289	300	298	329	307	307	264	0	3,846
2003	319	287	277	243	266	290	323	314	300	310	323	312	296	0	3,860
2004	367	283	273	280	243	270	291	336	324	321	302	330	312	0	3,932

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Source: District Treasurer's Office



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
DECEMBER 30, 2004**