

Piqua City School District

Miami County

Single Audit

July 1, 2004 through June 30, 2005

Fiscal Year Audited Under GAGAS: 2005

BALESTRA, HARR & SCHERER CPAs, INC.

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

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Trustees
Piqua City School District
719 East Ash Street
Piqua, Ohio 45356-2411

We have reviewed the Independent Auditor's Report of the Piqua City School District, Miami County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 4, 2006

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Piqua City School District
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Piqua City School District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2005

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Donation Program	N/A	10.550	\$0	\$152,378	\$0	\$152,378
School Breakfast Program	05-PU	10.553	223,361	0	223,361	0
National School Lunch Program	LL-P1	10.555	1,769	0	1,769	0
	LL-P4		595,119	0	595,119	0
Total Nutrition Cluster			820,249	152,378	820,249	152,378
Team Nutrition Grants	TWAD	10.574	0	0	5,315	0
Total U.S. Department of Agriculture			820,249	152,378	825,564	152,378
U.S. Department of Education						
<i>Passed through the Ohio Department of Education</i>						
Title I Grants to Local Education Agencies	C1-S1	84.010	949,609	0	813,778	0
Special Education Grants to States	6B-SF	84.027	927,160	0	843,112	0
Safe and Drug-Free Schools and Communities State Grants	DR-S1	84.186	24,886	0	24,949	0
State Grants for Innovative Programs	C2-S1	84.298	18,329	0	47,120	0
Education Technology State Grants	TJ-S1	84.318	25,246	0	9,609	0
Improving Teacher Quality State Grants	TR-S1	84.367	245,178	0	201,531	0
Total U.S. Department of Education			2,190,408	0	1,940,099	0
U.S. Department of Health and Human Services						
<i>Passed through the Montgomery County Educational Service Center</i>						
Medical Assistance Program	N/A	93.778	4,590	0	4,590	0
<i>Passed through the Ohio Department of Job and Family Services</i>						
State Children's Insurance Program	N/A	93.767	8,380	0	8,380	0
Medical Assistance Program	N/A	93.778	82,355	0	82,355	0
Total U.S. Department of Health and Human Services			95,325	0	95,325	0
Total Federal Assistance			\$3,105,982	\$152,378	\$2,860,988	\$152,378

N/A - pass through entity number not available.

See accompanying notes to the schedule of federal awards expenditures.

Piqua City School District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2005

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 expenditures of non-federal matching funds are not included on the Schedule.

BALESTRA, HARR & SCHERER CPAs, INC.

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

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

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

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Piqua City School District (the District), Miami County, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

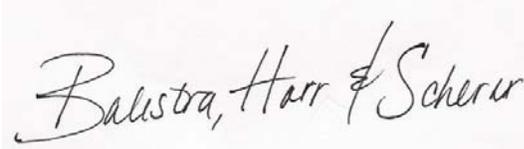
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2004-1.

We noted certain matters which we reported to management of the District in a separate letter dated December 22, 2005.

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

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

A handwritten signature in black ink that reads "Balestra, Harr & Scherer". The signature is written in a cursive style and is positioned above a light pink rectangular background.

Balestra, Harr & Scherer, CPAs, Inc.

December 22, 2005

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

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

Compliance

We have audited the compliance of Piqua City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

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

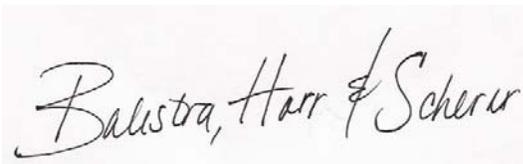
Internal Control Over Compliance (Continued)

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 22, 2005. 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 solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Balestra, Harr & Scherer, CPAs, Inc.

December 22, 2005

Piqua City School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
June 30, 2005

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Related to the Financial Statements Required to be Reported in Accordance with GAGAS
--

Finding Number 2004-1

Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. As of June 30, 2005, the District had the following fund with expenditures in excess of appropriations: Permanent Improvement Capital Projects Fund - \$338,896. The District should implement procedures for monitoring budgetary activity to ensure compliance with this requirement.

Corrective Action Plan

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-1	Management will more closely monitor the budgetary process to ensure compliance with Ohio Revised Code Section 5705.41(B).	6/30/06	Jeff Price, Treasurer

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, 2005**



PIQUA CITY SCHOOL DISTRICT

Miami County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

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 22, 2005

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, 2005 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, 2005***

THE DISTRICT AND ITS FACILITIES

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

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

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

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

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

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

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

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

In addition to locally provided staff development, the Piqua 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, 2005

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 2005, over one hundred students have graduated from Piqua High School due to the availability of the night school program.

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

Piqua High School offers advanced placement courses in art, biology, calculus, chemistry, economics, English, government, and physics. During the 2004-05 school year more than 100 students were enrolled in these college level courses.

SPECIAL EDUCATION -- In 2004-05 there were 658 students on Individualized Educational Programs representing nearly 16.8% of the total student population. Of these students all but a handful were served in their home district and most were served in their home schools. Our programs are designed to serve students with multiple disabilities, cognitive disabilities, learning disabilities, emotional disabilities, hearing handicaps and other health handicaps.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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

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 2004-2005 school year the staff and administration continued progress in a number of major instructional initiatives. Alignment of instruction to the Ohio Content Standards continued as a priority through the Curriculum Mapping Project as maps have been developed for most of the major instructional areas. Assessing student Academic progress has become a district priority as well. Quarterly Progress Indicators are recorded electronically.

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

Development of long range plans in all phases of district operation continued as a Strategic Planning Committee met regularly to develop the District's ten year plan. A twenty-five member Steering Committee made up of members of the larger planning team, reviewed, refined and prioritized dozens of recommendations and prepared them for review by the entire community. Recommendations are in place for the areas of Curriculum/Instruction, Staff Relations, City/School Relations, Finance and Facilities. This community review is scheduled for late 2005.

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

MAJOR INITIATIVES FOR THE FUTURE

The district continues to improve student performance on state proficiency/achievement tests. While scores fell below the state's 75% benchmark in most areas, students continued to make gains. Administrators and staff members have their sights set on a banner year for 2005-06. This optimism results from the Performance Index, which falls just 3.5 index points away from the state's second highest rating system, the Effective Rating.

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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

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

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

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

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

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

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

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

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

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

ACCOUNTING INFORMATION

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

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

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

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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

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

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

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

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

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

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

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

PIQUA CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

Investments are made with the primary objectives of:

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

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

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

OTHER INFORMATION

INDEPENDENT AUDIT -- State statutes require an annual audit. Balestra, Harr and Scherer, Certified Public Accountants Incorporated conducted the audit for the fiscal year ended June 30, 2005. The auditor's unqualified opinion on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for the last eight consecutive years (fiscal years ended 1997-2004). We believe this current Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

PIQUA CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2005*

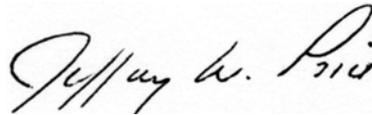
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff under the coordination of Sarah Manger, Assistant to the Treasurer. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance 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, 2005

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>
R. Scott Miller, President	January	1996	December 31, 2005
Lori S. Webster, Vice President	September	2002	December 31, 2007
Lisa Dotson	June	2003	December 31, 2005
F. Martin Pollock	January	1982	December 31, 2005
Marjorie Zimpher	January	2004	December 31, 2007

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, Jeffrey Price has held the position since August, 2004. 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, 2005

Management Team Members

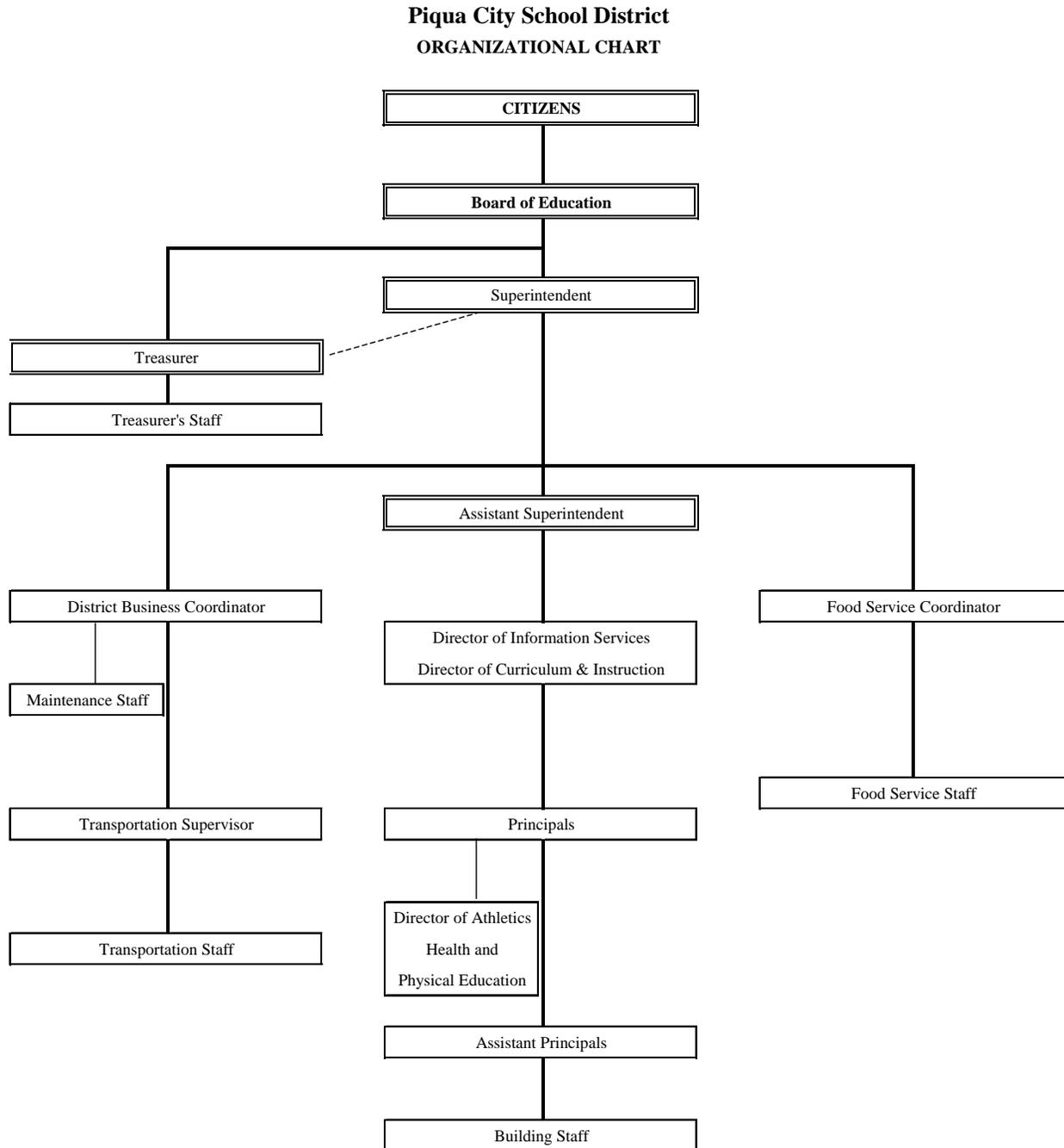
Jerry L. Clark	Superintendent of Schools
Jeffrey W. Price	Treasurer
Ben Edmonds	Assistant Superintendent
Jean Hill	EMIS Coordinator
Tim Reed	District Business Coordinator
Stephen Magoteaux	Athletic Director
Jane Rudd	Food Service Coordinator
David Janson, Ph.D.	Director of Curriculum and Instruction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

Treasurer's Office Staff

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

PIQUA CITY SCHOOL DISTRICT

School District Organizational Chart For the Fiscal Year Ended June, 30, 2005



NOTE: Please see reverse side for individual positions.

PIQUA CITY SCHOOL DISTRICT

***Job Description Listing
For the Fiscal Year Ended June, 30, 2005***

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

PIQUA CITY SCHOOL DISTRICT

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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Piqua City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Zjella

President

Jeffrey R. Emery

Executive Director



FINANCIAL SECTION



BALESTRA, HARR & SCHERER CPAs, INC.

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

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Piqua City School District (the District), Miami County, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

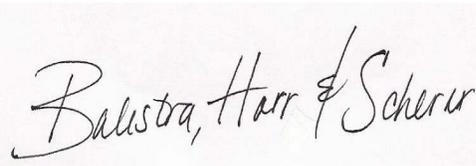
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2005, 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 22, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Balestra, Harr & Scherer, CPAs, Inc.

December 22, 2005

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005*

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, 2005. 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 2005 are as follows:

- ❑ In total, net assets increased \$2,821,979. Net assets of governmental activities increased \$2,788,374, which represents a 13.8% increase from 2004. Net assets of business-type activities increased \$33,605 from 2004.
- ❑ General revenues accounted for \$29,156,263 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,960,424 or 15% of total revenues of \$34,116,687.
- ❑ The District had \$29,717,504 in expenses related to governmental activities; only \$3,349,615 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$29,156,263 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$27,034,239 in revenues and \$25,907,691 in expenditures. The general fund's fund balance increased \$2,071,838 to \$1,580,655. 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 increased by \$26,327. This increase is attributable to increases in operating grants received.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005*

Unaudited

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

PIQUA CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005*

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 2005 compared to 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$23,009,238	\$21,750,492	\$1,131,975	\$1,082,969	\$24,141,213	\$22,833,461
Capital assets, Net	27,571,998	27,237,222	360,100	372,947	27,932,098	27,610,169
Total assets	50,581,236	48,987,714	1,492,075	1,455,916	52,073,311	50,443,630
Long-term debt outstanding	12,882,111	13,267,314	69,640	66,099	12,951,751	13,333,413
Other liabilities	14,727,403	15,537,052	192,798	193,785	14,920,201	15,730,837
Total liabilities	27,609,514	28,804,366	262,438	259,884	27,871,952	29,064,250
Net assets						
Invested in capital assets, net of related debt	17,469,998	16,731,185	360,100	372,947	17,830,098	17,104,132
Restricted	2,202,169	2,462,160	0	0	2,202,169	2,462,160
Unrestricted	3,299,555	990,003	869,537	823,085	4,169,092	1,813,088
Total net assets	22,971,722	20,183,348	\$1,229,637	\$1,196,032	\$24,201,359	\$21,379,380

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PIQUA CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005***

Unaudited

Changes in Net Assets – The following table shows the net assets for the fiscal year 2005 compared to 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for Services	\$670,763	\$575,187	\$688,474	\$683,775	\$1,359,237	\$1,258,962
Operating Grants	2,646,302	2,551,904	922,335	829,935	3,568,637	3,381,839
Capital Grants	32,550	0	0	0	32,550	0
General revenues:						
Property Taxes	13,314,716	11,872,148	0	0	13,314,716	11,872,148
Income Taxes	1,938,151	1,809,227	0	0	1,938,151	1,809,227
Grants and Entitlements	13,300,568	12,752,599	0	0	13,300,568	12,752,599
Other	602,828	364,398	0	0	602,828	364,398
Total revenues	<u>32,505,878</u>	<u>29,925,463</u>	<u>1,610,809</u>	<u>1,513,710</u>	<u>34,116,687</u>	<u>31,439,173</u>
Program Expenses						
Instruction	17,846,789	16,736,129	0	0	17,846,789	16,736,129
Support Services:						
Pupils	1,606,509	1,443,477	0	0	1,606,509	1,443,477
Instructional Staff	1,856,368	1,672,048	0	0	1,856,368	1,672,048
Board of Education	10,002	9,288	0	0	10,002	9,288
Administration	2,281,690	2,090,822	0	0	2,281,690	2,090,822
Fiscal Services	597,052	669,152	0	0	597,052	669,152
Business	85,456	74,505	0	0	85,456	74,505
Operation and Maintenance of Plant	2,778,643	2,519,590	0	0	2,778,643	2,519,590
Pupil Transportation	1,296,336	1,175,222	0	0	1,296,336	1,175,222
Central	129,257	64,643	0	0	129,257	64,643
Operation of Non-Instructional Services	304,911	316,379	0	0	304,911	316,379
Extracurricular Activities	638,177	679,708	0	0	638,177	679,708
Debt Service:						
Interest and Fiscal Charges	286,314	522,049	0	0	286,314	522,049
Food Service	0	0	1,577,204	1,496,069	1,577,204	1,496,069
Total expenses	<u>29,717,504</u>	<u>27,973,012</u>	<u>1,577,204</u>	<u>1,496,069</u>	<u>31,294,708</u>	<u>29,469,081</u>
Change in Net Assets	2,788,374	1,952,451	33,605	17,641	2,821,979	1,970,092
Beginning Net Assets	20,183,348	18,230,897	1,196,032	1,178,391	21,379,380	19,409,288
Ending Net Assets	<u>\$22,971,722</u>	<u>\$20,183,348</u>	<u>\$1,229,637</u>	<u>\$1,196,032</u>	<u>\$24,201,359</u>	<u>\$21,379,380</u>

Governmental Activities

Net assets of the District's governmental activities increased \$2,788,374. Large increases in property tax collections and state grant monies received contributed to this increase. An emergency levy contributed to the increase in property taxes, while increases in student enrollment caused the increase in state foundation monies.

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

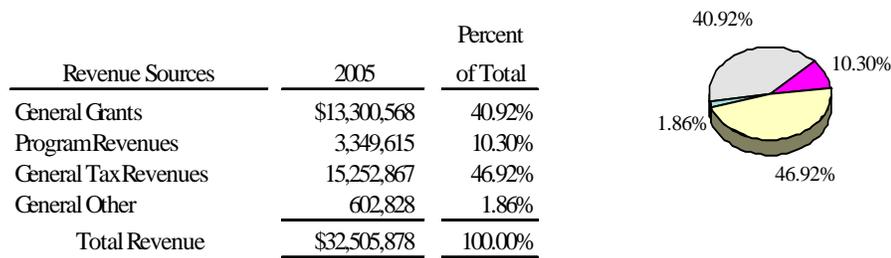
**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005**

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 41% and 6% respectively of revenues for governmental activities for Piqua City Schools in fiscal year 2005. The District's reliance upon tax revenues is demonstrated by the following graph indicating 47% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities increased \$33,605. Increases in operating grants contributed to this increase. These programs had revenues of \$1,610,809 and expenses of \$1,577,204 for fiscal year 2005. Business-type activities receive no support from tax revenues and remain self-supporting.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$4,244,708, which is above last year's total of \$2,290,348. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Fund Balance June 30, 2004	Increase (Decrease)
General	\$1,580,655	(\$491,183)	\$2,071,838
Bond Retirement	578,706	318,529	260,177
Permanent Improvement			
Capital Projects	1,174,483	1,830,549	(656,066)
Other Governmental	910,864	632,453	278,411
Total	<u>\$4,244,708</u>	<u>\$2,290,348</u>	<u>\$1,954,360</u>

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005**

Unaudited

Permanent Improvement Fund – The Permanent Improvement Fund reported a decrease in fund balance of \$656,066. This decrease can be attributed to increases in capital outlays for building improvements.

Bond Retirement Fund – The Bond Retirement Fund reported an increase in fund balance of \$260,177. This increase can be attributed to decreases in interest and fiscal charges.

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:

	2005 Revenues	2004 Revenues	Increase (Decrease)
Taxes	\$13,172,163	\$11,464,505	\$1,707,658
Tuition	33,062	18,666	14,396
Transportation Fees	37,911	35,848	2,063
Investment Earnings	61,886	20,918	40,968
Class Materials and Fees	158,679	166,220	(7,541)
Intergovernmental - State	13,041,874	12,481,983	559,891
Intergovernmental - Federal	193,730	136,039	57,691
All Other Revenue	334,934	161,752	173,182
Total	\$27,034,239	\$24,485,931	\$2,548,308

General Fund revenues in 2005 increased over 10.4% when compared to revenues in fiscal year 2004. This increase can be attributed to increases in property tax collections and state grant revenues. An emergency levy contributed to the increase in property taxes, while increases in student enrollment caused the increase in state foundation monies.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
Instruction	\$15,007,668	\$14,044,574	\$963,094
Supporting Services:			
Pupils	1,538,221	1,362,011	176,210
Instructional Staff	1,819,865	1,548,729	271,136
Board of Education	10,002	9,288	714
Administration	2,413,324	2,039,213	374,111
Fiscal Services	585,205	580,038	5,167
Business	88,423	77,078	11,345
Operation & Maintenance of Plant	2,828,725	2,472,529	356,196
Pupil Transportation	1,235,725	1,133,510	102,215
Central	128,491	62,856	65,635
Extracurricular Activities	252,042	235,861	16,181
Total	\$25,907,691	\$23,565,687	\$2,342,004

The expenditures increased \$2,342,004 or about 10% over the prior year. The hiring of additional teachers contributed to the increase in instruction, while the addition of an assistant principal contributed the increase in administration. Operation and maintenance of plant increased as a result of the hiring of additional custodial staff as well as increases in utility costs.

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005**

Unaudited

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

During the course of fiscal year 2005 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$26.9 million was significantly higher than the original budget estimates of \$25.5 million. This increase can be attributed to increases in taxes received. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the School District had \$27,932,098 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$27,571,998 was related to governmental activities and \$360,100 to the business-type activities. The following table shows fiscal 2005 and 2004 balances:

	Governmental Activities		Increase
			(Decrease)
	2005	2004	
Land	\$323,722	\$323,722	\$0
Construction in Progress	164,919	0	164,919
Land and Improvements	1,901,176	1,879,738	21,438
Buildings and Improvements	30,849,308	30,434,330	414,978
Machinery and Equipment	5,029,645	5,209,923	(180,278)
Vehicles	1,888,459	1,626,807	261,652
Less: Accumulated Depreciation	(12,585,231)	(12,237,298)	(347,933)
Totals	\$27,571,998	\$27,237,222	\$334,776

	Business-Type Activities		Increase
			(Decrease)
	2005	2004	
Machinery and Equipment	\$887,463	\$875,276	\$12,187
Less: Accumulated Depreciation	(527,363)	(502,329)	(25,034)
Totals	\$360,100	\$372,947	(\$12,847)

The increase in buildings and improvements can be attributed to window and roof replacements. The increase in vehicles was the result of bus purchases. Additional information on the District's capital assets can be found in Note 8.

PIQUA CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005**

Unaudited

Debt

At June 30, 2005, the School District had \$9.7 million in bonds outstanding, \$780,000 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2005:

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
General Obligation Bond:		
School Improvement	\$1,220,432	\$10,135,432
School Improvement Refunding	8,515,114	0
Installment Note:		
School Improvement	0	350,000
Capital Leases Payable	491,568	20,605
Compensated Absences	<u>2,654,997</u>	<u>2,761,277</u>
Total Governmental Activities	12,882,111	13,267,314
Business-Type Activities:		
Compensated Absences	<u>69,640</u>	<u>66,099</u>
Totals	<u>\$12,951,751</u>	<u>\$13,333,413</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2005, the School District's overall legal debt margin was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

PIQUA CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2005***

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, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 7,425,799	\$ 768,421	\$ 8,194,220
Investments	1,482,935	0	1,482,935
Receivables:			
Taxes	13,941,234	0	13,941,234
Accounts	15,895	0	15,895
Interest	3,030	0	3,030
Internal Balance	(344,613)	344,613	0
Deferred Charge	119,022	0	119,022
Inventory of Supplies at Cost	0	18,941	18,941
Prepaid Items	3,600	0	3,600
Restricted Assets:			
Cash and Cash Equivalents	361,574	0	361,574
Cash with Fiscal Agent	762	0	762
Capital Assets, Net	<u>27,571,998</u>	<u>360,100</u>	<u>27,932,098</u>
Total Assets	<u>50,581,236</u>	<u>1,492,075</u>	<u>52,073,311</u>
Liabilities:			
Accounts Payable	97,018	2,465	99,483
Accrued Wages and Benefits	2,476,346	101,054	2,577,400
Intergovernmental Payable	749,311	89,279	838,590
Matured Bonds and Interest Payable	762	0	762
Deferred Revenue - Taxes	11,371,842	0	11,371,842
Accrued Interest Payable	32,124	0	32,124
Long Term Liabilities:			
Due Within One Year	1,351,277	0	1,351,277
Due in More Than One Year	<u>11,530,834</u>	<u>69,640</u>	<u>11,600,474</u>
Total Liabilities	<u>27,609,514</u>	<u>262,438</u>	<u>27,871,952</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	17,469,998	360,100	17,830,098
Restricted For:			
Capital Projects	1,336,198	0	1,336,198
Debt Service	577,311	0	577,311
Other Purposes	288,660	0	288,660
Unrestricted	<u>3,299,555</u>	<u>869,537</u>	<u>4,169,092</u>
Total Net Assets	<u>\$ 22,971,722</u>	<u>\$ 1,229,637</u>	<u>\$ 24,201,359</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 17,846,789	\$ 295,514	\$ 2,088,163	\$ 32,550
Support Services:				
Pupils	1,606,509	776	85,733	0
Instructional Staff	1,856,368	0	108,591	0
Board of Education	10,002	0	0	0
Administration	2,281,690	0	23,864	0
Fiscal Services	597,052	0	2,500	0
Business	85,456	0	0	0
Operation and Maintenance of Plant	2,778,643	0	5,600	0
Pupil Transportation	1,296,336	37,911	25,325	0
Central	129,257	0	0	0
Operation of Non-Instructional Services	304,911	0	306,526	0
Extracurricular Activities	638,177	336,562	0	0
Debt Service:				
Interest and Fiscal Charges	286,314	0	0	0
Total Governmental Activities	29,717,504	670,763	2,646,302	32,550
Business-Type Activities:				
Food Service	1,577,204	688,474	922,335	0
Total Business-Type Activities	1,577,204	688,474	922,335	0
Totals	\$ 31,294,708	\$ 1,359,237	\$ 3,568,637	\$ 32,550

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
\$ (15,430,562)	\$ 0	\$ (15,430,562)
(1,520,000)	0	(1,520,000)
(1,747,777)	0	(1,747,777)
(10,002)	0	(10,002)
(2,257,826)	0	(2,257,826)
(594,552)	0	(594,552)
(85,456)	0	(85,456)
(2,773,043)	0	(2,773,043)
(1,233,100)	0	(1,233,100)
(129,257)	0	(129,257)
1,615	0	1,615
(301,615)	0	(301,615)
<u>(286,314)</u>	<u>0</u>	<u>(286,314)</u>
<u>(26,367,889)</u>	<u>0</u>	<u>(26,367,889)</u>
<u>0</u>	<u>33,605</u>	<u>33,605</u>
<u>0</u>	<u>33,605</u>	<u>33,605</u>
<u>(26,367,889)</u>	<u>33,605</u>	<u>(26,334,284)</u>
11,202,378	0	11,202,378
973,504	0	973,504
1,138,834	0	1,138,834
1,938,151	0	1,938,151
13,300,568	0	13,300,568
163,025	0	163,025
<u>439,803</u>	<u>0</u>	<u>439,803</u>
<u>29,156,263</u>	<u>0</u>	<u>29,156,263</u>
2,788,374	33,605	2,821,979
<u>20,183,348</u>	<u>1,196,032</u>	<u>21,379,380</u>
<u>\$ 22,971,722</u>	<u>\$ 1,229,637</u>	<u>\$ 24,201,359</u>

PIQUA CITY SCHOOL DISTRICT

**Balance Sheet
Governmental Funds
June 30, 2005**

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,333,064	\$ 491,148	\$ 1,083,420	\$ 1,128,701	\$ 4,036,333
Investments	1,482,935	0	0	0	1,482,935
Receivables:					
Taxes	11,775,381	1,068,450	1,097,403	0	13,941,234
Accounts	15,895	0	0	0	15,895
Interest	3,030	0	0	0	3,030
Prepaid Items	3,600	0	0	0	3,600
Restricted Assets:					
Cash and Cash Equivalents	361,574	0	0	0	361,574
Cash with Fiscal Agent	0	762	0	0	762
Total Assets	\$ 14,975,479	\$ 1,560,360	\$ 2,180,823	\$ 1,128,701	\$ 19,845,363
Liabilities:					
Accounts Payable	\$ 73,752	\$ 0	\$ 8,922	\$ 14,344	\$ 97,018
Accrued Wages and Benefits	2,320,128	0	0	156,218	2,476,346
Intergovernmental Payable	702,036	0	0	47,275	749,311
Matured Bonds and Interest Payable	0	762	0	0	762
Deferred Revenue - Taxes	10,021,291	980,892	997,418	0	11,999,601
Compensated Absences Payable	277,617	0	0	0	277,617
Total Liabilities	13,394,824	981,654	1,006,340	217,837	15,600,655
Fund Balance:					
Reserved for Encumbrances	88,856	0	472,651	146,175	707,682
Reserved for Prepaid Items	3,600	0	0	0	3,600
Reserved for Debt Service	0	495,855	0	0	495,855
Reserved for Property Taxes	1,002,393	82,851	94,655	0	1,179,899
Reserved for Endowments	0	0	0	61,207	61,207
Statutory Reserves	361,574	0	0	0	361,574
Unreserved, Undesignated in:					
General Fund	124,232	0	0	0	124,232
Special Revenue Funds	0	0	0	583,840	583,840
Capital Projects Funds	0	0	607,177	119,642	726,819
Total Fund Balance	1,580,655	578,706	1,174,483	910,864	4,244,708
Total Liabilities and Fund Balance	\$ 14,975,479	\$ 1,560,360	\$ 2,180,823	\$ 1,128,701	\$ 19,845,363

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, 2005

Total Governmental Fund Balances	\$ 4,244,708
<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.	27,571,998
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	746,781
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.	3,044,853
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(12,636,618)</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 22,971,722</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, 2005

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local Sources:					
Taxes	\$ 13,172,163	\$ 978,025	\$ 1,146,757	\$ 0	\$ 15,296,945
Tuition	33,062	0	0	0	33,062
Transportation Fees	37,911	0	0	0	37,911
Investment Earnings	61,886	4,790	18,601	8,509	93,786
Extracurricular Activities	0	0	0	440,335	440,335
Class Materials and Fees	158,679	0	0	0	158,679
Intermediate Sources	0	0	0	8,842	8,842
Intergovernmental - State	13,041,874	108,082	126,646	489,734	13,766,336
Intergovernmental - Federal	193,730	0	0	2,010,512	2,204,242
All Other Revenue	334,934	0	0	104,869	439,803
Total Revenue	27,034,239	1,090,897	1,292,004	3,062,801	32,479,941
Expenditures:					
Current:					
Instruction	15,007,668	0	511,840	1,883,504	17,403,012
Supporting Services:					
Pupils	1,538,221	0	0	94,180	1,632,401
Instructional Staff	1,819,865	0	375	134,429	1,954,669
Board of Education	10,002	0	0	0	10,002
Administration	2,413,324	0	55,440	16,133	2,484,897
Fiscal Services	585,205	17,148	20,190	2,410	624,953
Business	88,423	0	0	0	88,423
Operation and Maintenance of Plant	2,828,725	0	68,580	0	2,897,305
Pupil Transportation	1,235,725	0	245,080	3,864	1,484,669
Central	128,491	0	0	231	128,722
Operation of Non-Instructional Services	0	0	0	299,653	299,653
Extracurricular Activities	252,042	0	0	351,326	603,368
Capital Outlay	0	0	684,360	0	684,360
Debt Service:					
Principal Retirement	0	525,000	350,000	0	875,000
Interest and Fiscal Charges	0	416,096	12,205	0	428,301
Total Expenditures	25,907,691	958,244	1,948,070	2,785,730	31,599,735
Excess (Deficiency) of Revenues Over Expenditures	1,126,548	132,653	(656,066)	277,071	880,206
Other Financing Sources (Uses):					
Sale of Capital Assets	4,600	0	0	1,340	5,940
Other Financing Sources-Capital Leases	538,893	0	0	0	538,893
Transfers In	401,797	0	0	22,154	423,951
Transfers Out	0	0	0	(22,154)	(22,154)
Refunding Bonds Issued	0	9,154,131	0	0	9,154,131
Payment to Refunded Bond Escrow Agent	0	(9,026,607)	0	0	(9,026,607)
Total Other Financing Sources (Uses)	945,290	127,524	0	1,340	1,074,154
Net Change in Fund Balance	2,071,838	260,177	(656,066)	278,411	1,954,360
Fund Balance (Deficit) at Beginning of Year	(491,183)	318,529	1,830,549	632,453	2,290,348
Fund Balance End of Year	\$ 1,580,655	\$ 578,706	\$ 1,174,483	\$ 910,864	\$ 4,244,708

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, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ 1,954,360

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 613,010

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (278,234)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (44,078)

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. 397,945

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 20,555

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. 317,969

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. (193,153)

Change in Net Assets of Governmental Activities \$ 2,788,374

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, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 25,549,925	\$ 26,256,130	\$ 26,980,277	\$ 724,147
Total Expenditures and Other Financing Uses	25,873,380	26,129,514	25,180,221	949,293
Net Change in Fund Balance	(323,455)	126,616	1,800,056	1,673,440
Fund Balance at Beginning of Year	1,029,344	1,029,344	1,029,344	0
Prior Year Encumbrances	174,082	174,082	174,082	0
Fund Balance at End of Year	<u>\$ 879,971</u>	<u>\$ 1,330,042</u>	<u>\$ 3,003,482</u>	<u>\$ 1,673,440</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities Enterprise Fund <u>Food Service</u>	Governmental Activities - Internal Service Funds
Assets:		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 768,421	\$ 3,389,466
Inventory of Supplies at Cost	18,941	0
<i>Total Current Assets</i>	787,362	3,389,466
<i>Non Current Assets:</i>		
Capital Assets, Net	360,100	0
Total Assets	1,147,462	3,389,466
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable	2,465	0
Accrued Wages and Benefits	101,054	0
Intergovernmental Payable	89,279	0
<i>Total Current Liabilities</i>	192,798	0
<i>Long Term Liabilities:</i>		
Compensated Absences Payable	69,640	0
Total Liabilities	262,438	0
Net Assets:		
Invested in Capital Assets, Net of Related Debt	360,100	0
Unrestricted	524,924	3,389,466
Total Net Assets	\$ 885,024	\$ 3,389,466
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	344,613	
Net Assets of Business-type Activities	\$ 1,229,637	

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, 2005

	Business-Type Activities <u>Enterprise Fund</u> Food Service	Governmental Activities - <u>Internal Service Funds</u>
Operating Revenues:		
Sales	\$ 670,951	\$ 0
Interfund Charges	0	658,592
All Other Revenue	8,854	0
Total Operating Revenues	<u>679,805</u>	<u>658,592</u>
Operating Expenses:		
Salaries and Wages	587,586	0
Fringe Benefits	241,055	512,685
Contractual Services	24,493	0
Supplies and Materials	695,239	0
Depreciation	33,386	0
Total Operating Expenses	<u>1,581,759</u>	<u>512,685</u>
Operating Income (Loss)	(901,954)	145,907
Nonoperating Revenue (Expenses):		
Operating Grants	922,335	0
Investment Earnings	8,669	70,015
Transfer Out	0	(401,797)
Loss on Disposal of Capital Asset	(2,723)	0
Total Nonoperating Revenues (Expenses)	<u>928,281</u>	<u>(331,782)</u>
Change in Net Assets	26,327	(185,875)
Net Assets Beginning of Year	858,697	3,575,341
Net Assets End of Year	<u>\$ 885,024</u>	<u>\$ 3,389,466</u>
Change in Net Assets - Total Enterprise Funds	<u>26,327</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>7,278</u>	
Change in Net Assets - Total Business-type Activities	<u>\$ 33,605</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, 2005

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$679,805	\$0
Cash Received from Interfund Charges	0	707,564
Cash Payments for Goods and Services	(567,463)	0
Cash Payments to Employees for Services and Benefits	(826,081)	(512,685)
Net Cash Provided (Used) by Operating Activities	(713,739)	194,879
<u>Cash Flows from Noncapital Financing Activities:</u>		
Operating Grants Received	854,660	0
Transfers Out	0	(401,797)
Net Cash Provided (Used) by Noncapital Financing Activities	854,660	(401,797)
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Equipment	(23,262)	0
Net Cash Used by Capital and Related Financing Activities	(23,262)	0
<u>Cash Flows from Investing Activities:</u>		
Receipts of Interest	8,669	70,015
Net Cash Provided by Investing Activities	8,669	70,015
Net Increase (Decrease) in Cash and Cash Equivalents	126,328	(136,903)
Cash and Cash Equivalents at Beginning of Year	642,093	3,526,369
Cash and Cash Equivalents at End of Year	\$768,421	\$3,389,466
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u> Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	(\$901,954)	\$145,907
<u>Adjustments to Reconcile Operating Income (Loss) to</u>		
<u> Net Cash Provided (Used) by Operating Activities:</u>		
Depreciation Expense	33,386	0
Donated Commodities Used During the Year	152,378	0
<u>Changes in Assets and Liabilities:</u>		
Increase in Inventory	(103)	0
Decrease in Interfund Loan Receivable	0	48,972
Decrease in Accounts Payable	(6)	0
Decrease in Accrued Wages and Benefits	(1,324)	0
Increase in Intergovernmental Payables	343	0
Increase in Compensated Absences	3,541	0
Total Adjustments	188,215	48,972
Net Cash Provided (Used) by Operating Activities	(\$713,739)	\$194,879

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 284,152	\$ 31,659
Investments	371,518	0
Total Assets	<u>655,670</u>	<u>31,659</u>
Liabilities:		
Accounts Payable	750	0
Due to Students	0	31,659
Total Liabilities	<u>750</u>	<u>31,659</u>
Net Assets:		
Unrestricted	654,920	0
Total Net Assets	<u>\$ 654,920</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, 2005**

	Private Purpose Trust <u>Special Trust Fund</u>
Additions:	
Contributions:	
Sales	\$ 161
Dues and Fees	2,161
Private Donations	<u>32,115</u>
Total Contributions	<u>34,437</u>
Investment Earnings:	
Interest	19,318
Net Decrease in the Fair Value of Investments	<u>(113,793)</u>
Total Investment Earnings	<u>(94,475)</u>
Total Additions	<u>(60,038)</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>44,101</u>
Total Deductions	<u>44,101</u>
Change in Net Assets	(104,139)
Net Assets at Beginning of Year	<u>759,059</u>
Net Assets End of Year	<u>\$ 654,920</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, 2005

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 132 noncertified and approximately 262 certified teaching personnel and administrative employees providing education to 3,922 students.

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

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

B. Basis of Presentation - Fund Accounting

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

Enterprise 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 major enterprise fund is:

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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, 2005

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, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Current property taxes measurable at June 30, 2005, and which are not intended to finance fiscal 2005 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, 2005 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, 2005

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 2005.

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, 2005

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, 2005

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
	<u>General Fund</u>
GAAP Basis (as reported)	\$2,071,838
Increase (Decrease):	
Accrued Revenues at June 30, 2005, received during FY 2006	(1,773,015)
Accrued Revenues at June 30, 2004, received during FY 2005	1,302,437
Accrued Expenditures at June 30, 2005, paid during FY 2006	3,373,533
Accrued Expenditures at June 30, 2004, paid during FY 2005	(3,042,163)
FY 2004 Prepays for FY 2005	45,114
FY 2005 Prepays for FY 2006	(3,600)
Encumbrances Outstanding	<u>(174,088)</u>
Budget Basis	<u>\$1,800,056</u>

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

J. Long-Term Obligations

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

Obligation	Fund
General Obligation Bond	Debt Service Fund
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, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 270 days. Upon retirement, employees will receive twenty-five percent of the accumulated sick leave up to a maximum of 67.5 days. The employees are also eligible to receive payment for "earned days", one additional day of pay for each fiscal year the employee has perfect attendance. The payment for these "earned days" are in addition to the maximum of 67.5 days. Employees who retire at the end of the year in which they reach a total of thirty years with the state retirement system will receive a bonus equal to 23% of their base salary. The aforementioned severance is added to the bonus and paid over three years. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." 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, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Activity

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

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

O. Restricted Assets

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

P. Reservations of Fund Balance

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

Q. Estimates

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

R. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, 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, 2005

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 2005.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2005 of \$707 in the Disadvantaged Pupil Impact Aid Fund and \$5,167 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 transfers when cash is required, not when accruals occur.

Budgetary Noncompliance - The District's budgetary expenditures exceeded appropriations by \$338,896 in the Permanent Improvement Capital Projects Fund, contrary to the Ohio Revised Code.

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PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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	\$1,560,373
Depreciation Expense	<u>(947,363)</u>
	\$613,010

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

Loss on Disposal of Capital Asset	(\$272,294)
Proceeds Received	<u>(5,940)</u>
	(\$278,234)

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$44,078)
------------------------------------	------------

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

Bond Principal Payment	\$525,000
Capital Lease Payment	67,930
Capital Lease Proceeds	(538,893)
Installment Note Payment	350,000
Interest Accretion on Capital Appreciation Bonds	<u>(6,093)</u>
	\$397,944

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$118,345
Decrease in Intergovernmental Payable	<u>199,624</u>
	\$317,969

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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, 2005**

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

A. Deposits

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

At year end the carrying amount of the District's deposits was \$8,872,367 and the bank balance was \$9,546,672. Federal depository insurance covered \$115,415 of the bank balance and \$9,431,257 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$9,431,257
Total Balance	\$9,431,257

B. Investments

The District's investments at June 30, 2005 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			less than 1	1-3	3-5
Common Stocks	\$371,518	N/A	\$371,518	\$0	\$0
FNMA	493,280	AAA ^{1,2}	0	493,280 ^a	0
FHLB	497,655	AAA ^{1,2}	0	497,655 ^b	0
FHLM	492,000	AAA ^{1,2}	492,000	0	0
Total Investments	\$1,854,453		\$863,518	\$990,935	\$0

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

B. Investments (Continued)

¹ Standard & Poor's

² Moody's Investor Service

^a Call Option – January 27, 2006, July 27, 2006.

^b Call Option – December 8, 2005, March 8, 2006, June 8, 2006, September 8, 2006.

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

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 26.6% are FNMA, 26.8% are FHLB, and 26.5% are FHLM.

Custodial Credit Risk – The District's balance of investments are held by the trust department of its banking institution in the District's name.

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 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, 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, 2005**

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 2005, upon which the 2004 levies were based, were as follows:

	2004 Second Half Collections	2005 First Half Collections
Agricultural/Residential and Other Real Estate	\$344,418,880	\$362,252,930
Public Utility Personal	7,417,100	7,340,430
Tangible Personal Property	78,654,750	67,163,130
Total Assessed Value	\$430,490,730	\$436,756,490
Tax rate per \$1,000 of assessed valuation	\$45.31	\$50.50

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 TRANSACTONS

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at June 30, 2005 of \$344,613 which is offset in the Governmental Activities by the same amount.

NOTE 7 – TRANSFERS

Following is a summary of transfers in and out for all funds for fiscal year 2005:

Fund	Transfers In	Transfers Out
General Fund	\$401,797	\$0
Nonmajor Governmental Funds	22,154	22,154
Internal Service Fund	0	401,797
Total All Funds	\$423,951	\$423,951

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2005:

Historical Cost:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
<i>Capital assets not being depreciated:</i>				
Land	\$323,722	\$0	\$0	\$323,722
Construction in Progress	0	164,919	0	164,919
<i>Capital assets being depreciated:</i>				
Land Improvements	1,879,738	21,438	0	1,901,176
Buildings and Improvements	30,434,330	414,978	0	30,849,308
Machinery and Equipment	5,209,923	673,762	(854,040)	5,029,645
Vehicles	1,626,807	285,276	(23,624)	1,888,459
Total Cost	<u>\$39,474,520</u>	<u>\$1,560,373</u>	<u>(\$877,664)</u>	<u>\$40,157,229</u>

Accumulated Depreciation:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Land Improvements	(\$127,509)	(\$35,481)	\$0	(\$162,990)
Buildings and Improvements	(7,487,402)	(452,023)	0	(7,939,425)
Machinery and Equipment	(3,638,743)	(350,471)	575,806	(3,413,408)
Vehicles	(983,644)	(109,388)	23,624	(1,069,408)
Total Depreciation	<u>(\$12,237,298)</u>	<u>(\$947,363) *</u>	<u>\$599,430</u>	<u>(\$12,585,231)</u>
<i>Net Value:</i>	<u>\$27,237,222</u>			<u>\$27,571,998</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$691,616
Support Services:	
Pupils	351
Instructional Staff	2,520
Administration	62,539
Fiscal Services	239
Operations & Maintenance of Plant	32,928
Pupil Transportation	97,483
Auxillary Services	3,468
Extracurricular Activities	56,219
Total Depreciation Expense	<u>\$947,363</u>

PIQUA CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2005:

Historical Cost:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Machinery and Equipment	\$875,276	\$23,262	(\$11,075)	\$887,463
Total Cost	<u>\$875,276</u>	<u>\$23,262</u>	<u>(\$11,075)</u>	<u>\$887,463</u>

Accumulated Depreciation:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Machinery and Equipment	(\$502,329)	(\$33,386)	\$8,352	(\$527,363)
Total Depreciation	<u>(\$502,329)</u>	<u>(\$33,386)</u>	<u>\$8,352</u>	<u>(\$527,363)</u>
<i>Net Value:</i>	<u>\$372,947</u>	<u>(\$10,124)</u>	<u>(\$2,723)</u>	<u>\$360,100</u>

NOTE 9 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts receivable and interest receivable.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

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

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

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and 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 publicly available, stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2004, (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, 2005, 2004, and 2003 were \$589,008, \$569,460, and \$553,272, 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. The portion of the 2004 employer contribution rate (latest information available) that was used to fund health care for the year 2004 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 \$284,336.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 62,000. The target level for the health care reserve is 150% of annual health care expenses before premium deduction. Expenses for health care at June 30, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. Net assets available for payment of benefits at June 30, 2004 were \$300.8 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 or by visiting the STRS Ohio Web site at www.strsoh.org.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - 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, 2004, (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, 2005, 2004, and 2003 were \$1,744,080, \$1,663,224, and \$1,602,144, respectively, which were equal to the required contributions for each year.

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2004, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$124,577 for the District. The balance of the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004, the net health care costs paid by STRS were \$268,739,000. There were 111,853 eligible benefit recipients.

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bonds, installment loans, compensated absences, and capital leases of the District for the year ended June 30, 2005 is as follows:

		Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
School Improvement	4.75-12.5%	\$10,135,432	\$0	(\$8,915,000)	\$1,220,432	\$555,000
School Improvement Refunding	3.00-4.2%	0	8,389,990	0	8,389,990	225,000
Bond Premium		0	713,198	0	713,198	0
Deferred Loss on Early Retirement		0	(594,167)	0	(594,167)	0
		<u>10,135,432</u>	<u>8,509,021</u>	<u>(8,915,000)</u>	<u>9,729,453</u>	<u>780,000</u>
Interest Accretion		0	6,093	0	6,093	0
Total General Obligation Bonds:		<u>10,135,432</u>	<u>8,515,114</u>	<u>(8,915,000)</u>	<u>9,735,546</u>	<u>780,000</u>
Installment Note:						
School Improvement 2.0 - 3.4%		350,000	0	(350,000)	0	0
Capital Leases Payable		20,605	538,893	(67,930)	491,568	101,401
Compensated Absences		2,761,277	2,654,997	(2,761,277)	2,654,997	469,876
Total Governmental Activities		<u>13,267,314</u>	<u>11,709,004</u>	<u>(12,094,207)</u>	<u>12,882,111</u>	<u>1,351,277</u>
Business-Type Activities:						
Compensated Absences		66,099	69,640	(66,099)	69,640	0
Total Other						
Long-Term Obligations		<u>\$13,333,413</u>	<u>\$11,778,644</u>	<u>(\$12,160,306)</u>	<u>\$12,951,751</u>	<u>\$1,351,277</u>

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2005, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2006	\$ 780,000	\$ 355,755	\$ 1,135,755
2007	297,721	716,546	1,014,267
2008	275,142	735,626	1,010,768
2009	270,141	751,864	1,022,005
2010	262,429	765,375	1,027,804
2011-2015	2,789,989	2,269,431	5,059,420
2016-2020	4,415,000	589,189	5,004,189
2021	520,000	10,920	530,920
Totals	<u>\$9,610,422</u>	<u>\$6,194,706</u>	<u>\$15,805,128</u>

B. Defeased Debt

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

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 12 - CAPITAL LEASE COMMITMENTS

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

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2006	\$135,430
2007	135,435
2008	134,953
2009	132,119
2010	<u>40,977</u>
Minimum Lease Payments	578,914
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(87,346)</u>
Present value of minimum lease payments	<u><u>\$491,568</u></u>

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

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

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

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 13 - RISK MANAGEMENT (Continued)

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

The District established the Self Insurance Fund during fiscal year 1997 to account for the proceeds of the contingent premium program administered by Anthem Blue Cross and Blue Shield. The program allows the District to limit the risk of loss to a pre-determined level while benefiting from cash flow advantages and sharing in gains for positive claims experience. Under the contingent premium program, the District remits to Anthem a reduced insurance premium, 90% of the normal fully insured premium, during the twelve month rating period. The District deposits the difference between the contingent premium and the risk premium, 110% of the normal fully insured premium, into the Self Insurance Fund. The risk premium is the maximum liability rate established at the beginning of the contract year. Incurred claims and administrative expenses are calculated at the end of every twelve month period. If the total expenses for the year are equal to or below the amount paid in the contingent premium, no additional payment is due. If total expenses exceed the contingent premium, the District must pay the excess, but only up to the risk premium. Settlement has not yet occurred for fiscal year end 2005, but the maximum amount of additional premium that may be levied against the District is \$618,718.

NOTE 14 – 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
	<u>Reserve</u>	<u>Reserve</u>
Set-aside Cash Balance as of June 30, 2004	(\$26,799)	(\$2,186,723)
Current Year Set-Aside Requirement	505,933	505,933
Current Year Offset Credits	0	(1,108,574)
Qualifying Disbursements	<u>(117,560)</u>	<u>(236,030)</u>
Total	<u>\$361,574</u>	<u>(\$3,025,394)</u>
Set-aside Cash Balance		
Carried Forward to FY 2006	<u>\$361,574</u>	<u>(\$3,025,394)</u>
Amount Restricted for Textbook Reserve:	<u>\$361,574</u>	

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 14 – STATUTORY RESERVES (Continued)

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

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Dayton Educational Cooperative Association

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

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

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

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

A. Metropolitan Dayton Educational Cooperative Association (Continued)

For this reason, the Montgomery Education Service Center serves as the fiscal agent for the MDECA and performs certain functions that might otherwise be performed by the MDECA Board of Directors in order to ensure receipt of funds from the Ohio Educational Computer Network. Essentially, these functions are to apply for and maintain the Data Acquisition Site permit for the central data processing equipment and to hold legal title to the central data processing equipment. During fiscal year 2005, the Piqua City School District paid \$138,476 to MDECA. The MDECA's office is located in Dayton, Ohio, 225 Linwood Drive, 45405.

B. Southwestern Ohio Educational Purchasing Council

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to the SOEPC are made from the General Fund. During fiscal year 2005, the Piqua City School District paid \$1,872 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, Director, 1831 Harshman Road, Dayton, Ohio 45424.

C. Southwestern Ohio Instructional Technology Association

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

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

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Southwestern Ohio Instructional Technology Association (Continued)

All member districts are obligated to pay fees, charges or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2005, the Piqua City School District paid \$8,290 to the SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, Director, 150 East Sixth Street, Franklin, Ohio 45005.

D. Upper Valley Joint Vocational School

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

NOTE 16 – RELATED ORGANIZATION

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

NOTE 17 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2005.

PIQUA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 17 – CONTINGENCIES (Continued)

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2005.

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*

PIQUA CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Public School Support Fund

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

Other Grant Fund

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

District Managed Activity Fund

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

Auxiliary Services Fund

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

Management Information System Fund

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

Disadvantaged Pupil Impact Aid Fund

To account for monies received for the disadvantaged pupil impact aid.

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.

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. (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 2004.

(Continued)

PIQUA CITY SCHOOL DISTRICT

Capital Projects Funds

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

Replacement Fund

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

SchoolNet Plus Fund

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

Permanent Fund

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

Permanent Fund

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

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 947,852	\$ 119,642	\$ 61,207	\$ 1,128,701
Total Assets	\$ 947,852	\$ 119,642	\$ 61,207	\$ 1,128,701
Liabilities:				
Accounts Payable	\$ 14,344	\$ 0	\$ 0	\$ 14,344
Accrued Wages and Benefits	156,218	0	0	156,218
Intergovernmental Payable	47,275	0	0	47,275
Total Liabilities	217,837	0	0	217,837
Fund Balance:				
Reserved for Encumbrances	146,175	0	0	146,175
Reserved for Endowments	0	0	61,207	61,207
Unreserved, Undesignated in:				
Special Revenue Funds	583,840	0	0	583,840
Capital Projects Funds	0	119,642	0	119,642
Total Fund Balance	730,015	119,642	61,207	910,864
Total Liabilities and Fund Balance	\$ 947,852	\$ 119,642	\$ 61,207	\$ 1,128,701

PIQUA CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Local Sources:				
Investment Earnings	\$ 6,612	\$ 1,121	\$ 776	\$ 8,509
Extracurricular Activities	440,335	0	0	440,335
Intermediate Sources	8,842	0	0	8,842
Intergovernmental - State	457,184	32,550	0	489,734
Intergovernmental - Federal	2,010,512	0	0	2,010,512
All Other Revenue	102,729	0	2,140	104,869
Total Revenue	3,026,214	33,671	2,916	3,062,801
Expenditures:				
Current:				
Instruction	1,883,504	0	0	1,883,504
Supporting Services:				
Pupils	92,980	0	1,200	94,180
Instructional Staff	134,429	0	0	134,429
Administration	16,133	0	0	16,133
Fiscal Services	2,410	0	0	2,410
Pupil Transportation	3,864	0	0	3,864
Central	231	0	0	231
Operation of Non-Instructional Services	299,653	0	0	299,653
Extracurricular Activities	351,326	0	0	351,326
Total Expenditures	2,784,530	0	1,200	2,785,730
Excess (Deficiency) of Revenues Over Expenditures	241,684	33,671	1,716	277,071
Other Financing Sources (Uses):				
Sale of Capital Assets	1,340	0	0	1,340
Transfers In	22,154	0	0	22,154
Transfers Out	(22,154)	0	0	(22,154)
Total Other Financing Sources (Uses)	1,340	0	0	1,340
Net Change in Fund Balance	243,024	33,671	1,716	278,411
Fund Balance at Beginning of Year	486,991	85,971	59,491	632,453
Fund Balance End of Year	\$ 730,015	\$ 119,642	\$ 61,207	\$ 910,864

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005**

	Public School Support	Other Grant	District Managed Activity	Auxiliary Services	Management Information System
Assets:					
Cash and Cash Equivalents	\$ 104,171	\$ 5,351	\$ 262,966	\$ 68,478	\$ 60,566
Total Assets	<u>\$ 104,171</u>	<u>\$ 5,351</u>	<u>\$ 262,966</u>	<u>\$ 68,478</u>	<u>\$ 60,566</u>
Liabilities:					
Accounts Payable	\$ 2,362	\$ 0	\$ 2,756	\$ 2,791	\$ 0
Accrued Wages and Benefits	0	0	0	10,145	0
Intergovernmental Payable	0	0	0	2,654	0
Total Liabilities	<u>2,362</u>	<u>0</u>	<u>2,756</u>	<u>15,590</u>	<u>0</u>
Fund Balance:					
Reserved for Encumbrances	15,080	62	23,165	65,238	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	86,729	5,289	237,045	(12,350)	60,566
Total Fund Balance (Deficit)	<u>101,809</u>	<u>5,351</u>	<u>260,210</u>	<u>52,888</u>	<u>60,566</u>
Total Liabilities and Fund Balance	<u>\$ 104,171</u>	<u>\$ 5,351</u>	<u>\$ 262,966</u>	<u>\$ 68,478</u>	<u>\$ 60,566</u>

PIQUA CITY SCHOOL DISTRICT

Disadvantaged Pupil Impact Aid	Schoolnet Professional Development	OhioReads	Summer Intervention	School Conflict Management Grant	IDEA-B	Title I
\$ 0	\$ 1,610	\$ 2,874	\$ 14,974	\$ 1,908	\$ 86,321	\$ 249,424
<u>\$ 0</u>	<u>\$ 1,610</u>	<u>\$ 2,874</u>	<u>\$ 14,974</u>	<u>\$ 1,908</u>	<u>\$ 86,321</u>	<u>\$ 249,424</u>
\$ 0	\$ 0	\$ 222	\$ 4,646	\$ 0	\$ 1,094	\$ 0
0	0	0	0	0	16,915	103,889
707	0	634	50	20	5,284	31,416
<u>707</u>	<u>0</u>	<u>856</u>	<u>4,696</u>	<u>20</u>	<u>23,293</u>	<u>135,305</u>
0	0	1,405	10,307	0	4,627	18,266
(707)	1,610	613	(29)	1,888	58,401	95,853
(707)	1,610	2,018	10,278	1,888	63,028	114,119
<u>\$ 0</u>	<u>\$ 1,610</u>	<u>\$ 2,874</u>	<u>\$ 14,974</u>	<u>\$ 1,908</u>	<u>\$ 86,321</u>	<u>\$ 249,424</u>

(Continued)

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005**

	<u>Title V</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 73,572	\$ 15,637	\$ 947,852
Total Assets	<u>\$ 0</u>	<u>\$ 73,572</u>	<u>\$ 15,637</u>	<u>\$ 947,852</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 473	\$ 0	\$ 14,344
Accrued Wages and Benefits	4,147	21,122	0	156,218
Intergovernmental Payable	1,020	5,429	61	47,275
Total Liabilities	<u>5,167</u>	<u>27,024</u>	<u>61</u>	<u>217,837</u>
Fund Balance:				
Reserved for Encumbrances	0	6,300	1,725	146,175
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	(5,167)	40,248	13,851	583,840
Total Fund Balance (Deficit)	<u>(5,167)</u>	<u>46,548</u>	<u>15,576</u>	<u>730,015</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 73,572</u>	<u>\$ 15,637</u>	<u>\$ 947,852</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, 2005**

	Public School Support	Other Grant	District Managed Activity	Auxiliary Services	Management Information System
Revenues:					
Local Sources:					
Investment Earnings	\$ 1,638	\$ 0	\$ 3,581	\$ 1,393	\$ 0
Extracurricular Activities	103,773	0	336,562	0	0
Intermediate Sources	0	8,842	0	0	0
Intergovernmental - State	0	0	0	216,552	11,670
Intergovernmental - Federal	0	0	0	0	0
All Other Revenue	33,744	2,770	66,215	0	0
Total Revenue	<u>139,155</u>	<u>11,612</u>	<u>406,358</u>	<u>217,945</u>	<u>11,670</u>
Expenditures:					
Current:					
Instruction	137,970	5,433	0	0	0
Supporting Services:					
Pupils	0	140	11,206	0	0
Instructional Staff	8,886	0	0	0	0
Administration	1,911	1,000	0	0	0
Fiscal Services	0	0	0	0	0
Pupil Transportation	3,670	0	194	0	0
Central	0	0	0	0	231
Operation of Non-Instructional Services	0	0	0	197,880	0
Extracurricular Activities	0	200	351,126	0	0
Total Expenditures	<u>152,437</u>	<u>6,773</u>	<u>362,526</u>	<u>197,880</u>	<u>231</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,282)	4,839	43,832	20,065	11,439
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	1,340	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,340</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(13,282)	4,839	45,172	20,065	11,439
Fund Balance (Deficit) at Beginning of Year	<u>115,091</u>	<u>512</u>	<u>215,038</u>	<u>32,823</u>	<u>49,127</u>
Fund Balance (Deficit) End of Year	<u>\$ 101,809</u>	<u>\$ 5,351</u>	<u>\$ 260,210</u>	<u>\$ 52,888</u>	<u>\$ 60,566</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, 2005**

	Disadvantaged Pupil Impact Aid	SchoolNet Professional Development	OhioReads	Summer Intervention	School Conflict Management Grant
Revenues:					
Local Sources:					
Investment Earnings	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Extracurricular Activities	0	0	0	0	0
Intermediate Sources	0	0	0	0	0
Intergovernmental - State	81,790	4,140	31,000	76,836	8,196
Intergovernmental - Federal	0	0	0	0	0
All Other Revenue	0	0	0	0	0
Total Revenue	<u>81,790</u>	<u>4,140</u>	<u>31,000</u>	<u>76,836</u>	<u>8,196</u>
Expenditures:					
Current:					
Instruction	81,980	0	31,562	74,497	3,216
Supporting Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	1,365	11,989	0	1,770
Administration	0	3,785	0	0	3,881
Fiscal Services	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	<u>81,980</u>	<u>5,150</u>	<u>43,551</u>	<u>74,497</u>	<u>8,867</u>
Excess (Deficiency) of Revenues Over Expenditures	(190)	(1,010)	(12,551)	2,339	(671)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(190)	(1,010)	(12,551)	2,339	(671)
Fund Balance (Deficit) at Beginning of Year	<u>(517)</u>	<u>2,620</u>	<u>14,569</u>	<u>7,939</u>	<u>2,559</u>
Fund Balance (Deficit) End of Year	<u>\$ (707)</u>	<u>\$ 1,610</u>	<u>\$ 2,018</u>	<u>\$ 10,278</u>	<u>\$ 1,888</u>

PIQUA CITY SCHOOL DISTRICT

IDEA-B	Title I	Title V	Title IV-A	2004 One Net	Title II-A	Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,612
0	0	0	0	0	0	0	440,335
0	0	0	0	0	0	0	8,842
0	0	0	0	27,000	0	0	457,184
927,160	845,771	18,329	24,886	0	193,132	1,234	2,010,512
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>102,729</u>
<u>927,160</u>	<u>845,771</u>	<u>18,329</u>	<u>24,886</u>	<u>27,000</u>	<u>193,132</u>	<u>1,234</u>	<u>3,026,214</u>
640,110	657,431	45,339	24,884	21,444	159,638	0	1,883,504
0	81,234	0	0	0	0	400	92,980
0	70,869	0	0	0	30,280	9,270	134,429
0	0	0	0	5,556	0	0	16,133
0	2,410	0	0	0	0	0	2,410
0	0	0	0	0	0	0	3,864
0	0	0	0	0	0	0	231
84,384	11,764	245	65	0	0	5,315	299,653
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>351,326</u>
<u>724,494</u>	<u>823,708</u>	<u>45,584</u>	<u>24,949</u>	<u>27,000</u>	<u>189,918</u>	<u>14,985</u>	<u>2,784,530</u>
202,666	22,063	(27,255)	(63)	0	3,214	(13,751)	241,684
0	0	0	0	0	0	0	1,340
0	0	22,154	0	0	0	0	22,154
0	0	0	0	0	(9,245)	(12,909)	(22,154)
<u>0</u>	<u>0</u>	<u>22,154</u>	<u>0</u>	<u>0</u>	<u>(9,245)</u>	<u>(12,909)</u>	<u>1,340</u>
202,666	22,063	(5,101)	(63)	0	(6,031)	(26,660)	243,024
(139,638)	92,056	(66)	63	0	52,579	42,236	486,991
<u>\$ 63,028</u>	<u>\$ 114,119</u>	<u>\$ (5,167)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,548</u>	<u>\$ 15,576</u>	<u>\$ 730,015</u>

PIQUA CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005**

	<u>Replacement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 87,092	\$ 32,550	\$ 119,642
Total Assets	<u>\$ 87,092</u>	<u>\$ 32,550</u>	<u>\$ 119,642</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balance:			
Unreserved, Undesignated in:			
Capital Projects Funds	87,092	32,550	119,642
Total Fund Balance	<u>87,092</u>	<u>32,550</u>	<u>119,642</u>
Total Liabilities and Funds Balance	<u>\$ 87,092</u>	<u>\$ 32,550</u>	<u>\$ 119,642</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, 2005**

	Replacement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Investment Earnings	\$ 1,121	\$ 0	\$ 1,121
Intergovernmental - State	0	32,550	32,550
Total Revenue	1,121	32,550	33,671
Expenditures:			
Total Expenditures	0	0	0
Net Change in Fund Balance	1,121	32,550	33,671
Fund Balance at Beginning of Year	85,971	0	85,971
Fund Balance End of Year	\$ 87,092	\$ 32,550	\$ 119,642

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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,030,500</u>	<u>\$ 1,053,856</u>	<u>\$ 23,356</u>
Total Expenditures and Other Financing Uses	<u>1,020,000</u>	<u>830,720</u>	<u>189,280</u>
Net Change in Fund Balance	10,500	223,136	212,636
Fund Balance at Beginning of Year	<u>268,012</u>	<u>268,012</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 278,512</u></u>	<u><u>\$ 491,148</u></u>	<u><u>\$ 212,636</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,253,500	\$ 1,253,821	\$ 321
Total Expenditures and Other Financing Uses	2,090,386	2,429,286	(338,900)
Net Change in Fund Balance	(836,886)	(1,175,465)	(338,579)
Fund Balance at Beginning of Year	1,638,020	1,638,020	0
Prior Year Encumbrances	140,385	140,385	0
Fund Balance at End of Year	<u>\$ 941,519</u>	<u>\$ 602,940</u>	<u>\$ (338,579)</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 142,543</u>	<u>\$ 139,472</u>	<u>\$ (3,071)</u>
Total Expenditures and Other Financing Uses	<u>266,902</u>	<u>176,722</u>	<u>90,180</u>
Net Change in Fund Balance	(124,359)	(37,250)	87,109
Fund Balance at Beginning of Year	119,169	119,169	0
Prior Year Encumbrances	<u>5,189</u>	<u>5,189</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 87,108</u>	<u>\$ 87,109</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 11,612</u>	<u>\$ 11,612</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>6,774</u>	<u>6,835</u>	<u>(61)</u>
Net Change in Fund Balance	4,838	4,777	(61)
Fund Balance at Beginning of Year	<u>512</u>	<u>512</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 5,350</u></u>	<u><u>\$ 5,289</u></u>	<u><u>\$ (61)</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 496,310</u>	<u>\$ 410,762</u>	<u>\$ (85,548)</u>
Total Expenditures and Other Financing Uses	<u>727,752</u>	<u>403,509</u>	<u>324,243</u>
Net Change in Fund Balance	(231,442)	7,253	238,695
Fund Balance at Beginning of Year	198,149	198,149	0
Prior Year Encumbrances	<u>33,292</u>	<u>33,292</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 238,694</u>	<u>\$ 238,695</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 238,853</u>	<u>\$ 217,945</u>	<u>\$ (20,908)</u>
Total Expenditures and Other Financing Uses	<u>285,761</u>	<u>264,424</u>	<u>21,337</u>
Net Change in Fund Balance	(46,908)	(46,479)	429
Fund Balance at Beginning of Year	32,387	32,387	0
Prior Year Encumbrances	<u>14,521</u>	<u>14,521</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 429</u></u>	<u><u>\$ 429</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 11,670</u>	<u>\$ 11,670</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>63,250</u>	<u>3,231</u>	<u>60,019</u>
Net Change in Fund Balance	(51,580)	8,439	60,019
Fund Balance at Beginning of Year	49,127	49,127	0
Prior Year Encumbrances	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 547</u></u>	<u><u>\$ 60,566</u></u>	<u><u>\$ 60,019</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 81,790	\$ 81,790	\$ 0
Total Expenditures and Other Financing Uses	81,790	81,790	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 4,140</u>	<u>\$ 4,140</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>7,140</u>	<u>5,150</u>	<u>1,990</u>
Net Change in Fund Balance	(3,000)	(1,010)	1,990
Fund Balance at Beginning of Year	630	630	0
Prior Year Encumbrances	<u>1,990</u>	<u>1,990</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (380)</u></u>	<u><u>\$ 1,610</u></u>	<u><u>\$ 1,990</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, 2005***

	OHIOREADS FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 43,895</u>	<u>\$ 31,784</u>	<u>\$ (12,111)</u>
Total Expenditures and Other Financing Uses	<u>60,434</u>	<u>47,075</u>	<u>13,359</u>
Net Change in Fund Balance	(16,539)	(15,291)	1,248
Fund Balance at Beginning of Year	1,644	1,644	0
Prior Year Encumbrances	<u>14,895</u>	<u>14,895</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 1,248</u></u>	<u><u>\$ 1,248</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 87,286</u>	<u>\$ 76,836</u>	<u>\$ (10,450)</u>
Total Expenditures and Other Financing Uses	<u>97,929</u>	<u>87,458</u>	<u>10,471</u>
Net Change in Fund Balance	(10,643)	(10,622)	21
Fund Balance at Beginning of Year	193	193	0
Prior Year Encumbrances	<u>10,450</u>	<u>10,450</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 21</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 9,881</u>	<u>\$ 9,881</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>11,089</u>	<u>10,534</u>	<u>555</u>
Net Change in Fund Balance	(1,208)	(653)	555
Fund Balance at Beginning of Year	2,005	2,005	0
Prior Year Encumbrances	<u>556</u>	<u>556</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,353</u></u>	<u><u>\$ 1,908</u></u>	<u><u>\$ 555</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, 2005***

	IDEA-B FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 929,433</u>	<u>\$ 927,160</u>	<u>\$ (2,273)</u>
Total Expenditures and Other Financing Uses	<u>929,433</u>	<u>848,833</u>	<u>80,600</u>
Net Change in Fund Balance	0	78,327	78,327
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>2,273</u>	<u>2,273</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,273</u></u>	<u><u>\$ 80,600</u></u>	<u><u>\$ 78,327</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, 2005***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 1,064,387</u>	<u>\$ 949,609</u>	<u>\$ (114,778)</u>
Total Expenditures and Other Financing Uses	<u>1,168,224</u>	<u>935,882</u>	<u>232,342</u>
Net Change in Fund Balance	(103,837)	13,727	117,564
Fund Balance at Beginning of Year	102,652	102,652	0
Prior Year Encumbrances	<u>114,778</u>	<u>114,778</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 113,593</u></u>	<u><u>\$ 231,157</u></u>	<u><u>\$ 117,564</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE V FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 49,254</u>	<u>\$ 49,254</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>62,484</u>	<u>55,891</u>	<u>6,593</u>
Net Change in Fund Balance	(13,230)	(6,637)	6,593
Fund Balance at Beginning of Year	44	44	0
Prior Year Encumbrances	<u>6,593</u>	<u>6,593</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (6,593)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,593</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 24,886</u>	<u>\$ 24,886</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>25,012</u>	<u>24,949</u>	<u>63</u>
Net Change in Fund Balance	(126)	(63)	63
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>63</u>	<u>63</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (63)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 63</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>27,000</u>	<u>27,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE II-A FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 237,746</u>	<u>\$ 236,177</u>	<u>\$ (1,569)</u>
Total Expenditures and Other Financing Uses	<u>268,974</u>	<u>251,592</u>	<u>17,382</u>
Net Change in Fund Balance	(31,228)	(15,415)	15,813
Fund Balance at Beginning of Year	80,721	80,721	0
Prior Year Encumbrances	<u>1,493</u>	<u>1,493</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 50,986</u></u>	<u><u>\$ 66,799</u></u>	<u><u>\$ 15,813</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 20,340	\$ 25,246	\$ 4,906
Total Expenditures and Other Financing Uses	62,576	53,570	9,006
Net Change in Fund Balance	(42,236)	(28,324)	13,912
Fund Balance at Beginning of Year	40,396	40,396	0
Prior Year Encumbrances	1,840	1,840	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 13,912</u>	<u>\$ 13,912</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 149</u>	<u>\$ 1,121</u>	<u>\$ 972</u>
Total Expenditures and Other Financing Uses	<u>86,120</u>	<u>0</u>	<u>86,120</u>
Net Change in Fund Balance	(85,971)	1,121	87,092
Fund Balance at Beginning of Year	<u>85,971</u>	<u>85,971</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 87,092</u></u>	<u><u>\$ 87,092</u></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, 2005***

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

PIQUA CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2005***

	PERMANENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 7,125</u>	<u>\$ 2,916</u>	<u>\$ (4,209)</u>
Total Expenditures and Other Financing Uses	<u>3,500</u>	<u>2,200</u>	<u>1,300</u>
Net Change in Fund Balance	3,625	716	(2,909)
Fund Balance at Beginning of Year	58,491	58,491	0
Prior Year Encumbrances	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 63,116</u></u>	<u><u>\$ 60,207</u></u>	<u><u>\$ (2,909)</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, 2005***

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$35,541	\$74,911	(\$78,793)	\$31,659
Total Assets	<u>\$35,541</u>	<u>\$74,911</u>	<u>(\$78,793)</u>	<u>\$31,659</u>
Liabilities:				
Due to Students	\$35,541	\$74,911	(\$78,793)	\$31,659
Total Liabilities	<u>\$35,541</u>	<u>\$74,911</u>	<u>(\$78,793)</u>	<u>\$31,659</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, 2005***

Capital Assets

Land	\$323,722
Construction in Progress	164,919
Land Improvements	1,901,176
Buildings and Improvements	30,849,308
Machinery and Equipment	5,029,645
Vehicles	1,888,459
	<hr/>
Total Capital Assets	<u><u>\$40,157,229</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1996	\$2,624,895
General Fund	28,283,640
Special Revenue Fund	491,452
Capital Project Funds	4,969,678
Fiduciary Funds	42,120
Capital Leases	560,489
Donations	3,184,955
	<hr/>
Total Investment in Capital Assets	<u><u>\$40,157,229</u></u>

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2005***

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Instructional Services	\$0	\$24,998	\$0	\$3,524
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal Services	0	0	0	0
Operation and Maintenance of Plant	0	0	0	29,210
Pupil Transportation	0	0	0	55,789
Auxiliary Services	0	0	0	0
Extracurricular Activities	0	0	1,530,691	1,602,330
Facility Acquisition and Improvement	<u>323,722</u>	<u>139,921</u>	<u>370,485</u>	<u>29,158,455</u>
Total Capital Assets	<u>\$323,722</u>	<u>\$164,919</u>	<u>\$1,901,176</u>	<u>\$30,849,308</u>

PIQUA CITY SCHOOL DISTRICT

<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$3,291,061	\$0	\$3,319,583
13,726	0	13,726
112,069	0	112,069
624,648	0	624,648
1,195	0	1,195
281,487	197,661	508,358
107,326	1,690,798	1,853,913
36,113	0	36,113
461,661	0	3,594,682
100,359	0	30,092,942
<u>\$5,029,645</u>	<u>\$1,888,459</u>	<u>\$40,157,229</u>

PIQUA CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2005***

Function and Activity	June 30, 2004	Additions	Deletions	June 30, 2005
Instructional Services	\$3,698,062	\$376,818	(\$755,297)	\$3,319,583
Support Services:				
Pupils	13,726	0	0	13,726
Instructional Staff	114,434	0	(2,365)	112,069
Administration	456,562	256,663	(88,577)	624,648
Fiscal Services	1,195	0	0	1,195
Operation and Maintenance of Plant	434,462	73,896	0	508,358
Pupil Transportation	1,632,457	245,080	(23,624)	1,853,913
Auxiliary Services	36,113	0	0	36,113
Extracurricular Activities	3,581,696	20,787	(7,801)	3,594,682
Facility Acquisition and Improvement	29,505,813	587,129	0	30,092,942
Total Capital Assets	<u>\$39,474,520</u>	<u>\$1,560,373</u>	<u>(\$877,664)</u>	<u>\$40,157,229</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
1996	\$10,891,962	\$862,282	\$638,649	\$1,744,493	\$339,663	\$106,998	\$1,682,779	\$16,266,826
1997	11,626,531	926,869	605,945	1,958,642	400,445	126,764	1,692,106	17,337,302
1998	11,712,326	1,089,114	1,231,325	1,507,192	414,618	49,526	1,861,622	17,865,723
1999	12,988,251	1,120,232	1,295,774	1,601,964	435,276	47,670	2,068,994	19,558,161
2000	13,803,963	1,219,060	1,438,537	1,761,912	447,109	85,214	2,265,892	21,021,687
2001	15,576,121	1,381,888	1,616,903	1,899,350	490,768	67,022	2,253,092	23,285,144
2002	16,388,979	1,492,034	1,715,646	1,983,223	542,155	97,136	2,418,031	24,637,204
2003	16,183,138	1,485,538	1,680,677	1,992,789	592,978	90,036	2,365,280	24,390,436
2004	16,358,199	1,463,501	1,676,962	2,137,052	619,032	77,078	2,494,020	24,825,844
2005	17,403,012	1,632,401	1,954,669	2,494,899	624,953	88,423	2,897,305	27,095,662

(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
1996	\$745,717	\$25,964	\$261,010	\$369,880	\$538,722	\$1,941,293	\$16,266,826	\$18,208,119
1997	764,139	26,071	239,950	458,353	511,485	1,999,998	17,337,302	19,337,300
1998	808,272	22,061	244,108	443,303	826,632	2,344,376	17,865,723	20,210,099
1999	881,502	41,062	269,070	435,478	1,040,391	2,667,503	19,558,161	22,225,664
2000	947,298	37,555	249,384	393,257	1,040,782	2,668,276	21,021,687	23,689,963
2001	1,115,349	1,035,449	297,395	606,210	983,269	4,037,672	23,285,144	27,322,816
2002	1,086,408	898,659	271,086	741,995	1,002,607	4,000,755	24,637,204	28,637,959
2003	1,089,645	355,806	256,590	621,347	1,393,413	3,716,801	24,390,436	28,107,237
2004	1,157,741	208,540	290,601	572,846	1,374,077	3,603,805	24,825,844	28,429,649
2005	1,484,669	813,082	299,653	603,368	1,303,301	4,504,073	27,095,662	31,599,735

(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
1996	\$8,523,057	\$181,217	\$155,285	\$243,989	\$9,275,141	\$119,071	\$18,497,760
1997	9,219,961	201,069	167,509	260,576	9,420,109	126,564	19,395,788
1998	9,489,071	200,771	201,744	258,116	9,600,941	266,528	20,017,171
1999	10,129,637	192,109	210,639	247,761	11,142,598	141,607	22,064,351
2000	10,591,972	193,240	237,408	261,283	11,173,134	176,653	22,633,690
2001	12,209,859	219,558	296,578	393,741	12,576,506	469,876	26,166,118
2002	12,588,015	226,980	130,558	455,162	13,468,392	411,390	27,280,497
2003	12,424,401	343,255	68,486	370,617	13,398,673	235,355	26,840,787
2004	13,464,803	220,734	42,006	353,985	15,484,998	295,464	29,861,990
2005	15,296,945	229,652	93,786	440,335	15,970,578	448,645	32,479,941

(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
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%
2004	14,122,098	13,777,100	525,669	14,302,769	101.28%	1,093,320	7.74%

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	
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%
2004 **	362,252,930	1,035,008,371	7,340,430	20,972,657	67,163,130	268,652,520	436,756,490	1,324,633,548	32.97%

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**

Collection Year	Piqua City School District			Total	City of Piqua	Joint Vocational School	Miami County	Special Taxing Districts	Total
	General Fund	Bond Retirement Fund	Permanent Improvement Fund						
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
2004	44.75	2.95	2.80	50.50	4.43	4.90	9.11	0.50	69.44

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, 2005**

Net Assessed Valuation	\$436,756,490
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	39,308,084
Applicable District Debt Outstanding	9,735,546
Less: Applicable Debt Service Fund Amounts	(578,706)
Net Indebtedness Subject to Limitation	<u>9,156,840</u>
Voted Legal Debt Margin	<u><u>\$30,151,244</u></u>
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	436,756
Applicable District Debt Outstanding	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$436,756</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
1996	20,612	\$315,155,830	\$2,085,500	\$397,066	\$1,688,434	0.54%	\$81.92
1997	20,612	324,345,590	1,631,900	398,112	1,233,788	0.38%	59.86
1998	20,612	338,476,950	13,146,932	533,967	12,612,965	3.73%	611.92
1999	20,612	377,459,410	12,689,432	259,982	12,429,450	3.29%	603.02
2000	20,612	392,899,570	11,995,432	191,193	11,804,239	3.00%	572.69
2001	20,738	401,797,548	11,580,432	215,874	11,364,558	2.83%	548.01
2002	20,738	423,312,780	11,125,432	229,055	10,896,377	2.57%	525.43
2003	20,738	431,962,230	10,635,432	262,134	10,373,298	2.40%	500.21
2004	20,738	430,490,730	10,135,432	318,529	9,816,903	2.28%	473.38
2005	20,738	436,756,490	9,735,546	578,706	9,156,840	2.10%	441.55

(1) City of Piqua 2000 Census.

(2) Source: Miami County Auditor

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

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>
1996	\$451,953	\$242,959	\$694,912	\$18,208,119	3.82%
1997	453,600	207,885	661,485	19,337,300	3.42%
1998	480,400	395,936	876,336	20,210,099	4.34%
1999	457,500	632,782	1,090,282	22,225,664	4.91%
2000	694,000	624,355	1,318,355	23,689,963	5.57%
2001	415,000	568,269	983,269	27,322,816	3.60%
2002	455,000	547,607	1,002,607	28,637,959	3.50%
2003	490,000	525,162	1,015,162	28,107,237	3.61%
2004	500,000	501,650	1,001,650	28,429,649	3.52%
2005	525,000	416,096	941,096	31,599,735	2.98%

PIQUA CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
JUNE 30, 2005

<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	\$9,735,546	100.00%	\$9,735,546
Overlapping Subdivisions			
City of Piqua	3,036,255	100.00%	3,036,255
Miami County	7,050,000	20.61%	1,453,005
		Subtotal	4,489,260
		Total	<u>\$14,224,806</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</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>
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
2005	20,738	100,797	3,922	5.7%	5.9%	29,193

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

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
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
2004	50	8,557,500	18	12,618,700

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, 2004**

	<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	\$6,421,130	9.56%
2	Jackson Tube Service, Inc.	Manufacturer - Steel Tubing	5,788,550	8.62%
3	Charter Corporation - Hartzell Propeller	Manufacturer - Aircraft Propeller	4,787,010	7.13%
4	Miami Valley Steel Service	Manufacturer - Steel Processing	3,865,870	5.76%
5	Crane Pumps and Systems	Manufacturer - Industrial Pumps	2,501,700	3.72%
6	Hartzell Hardwoods, Inc.	Hardwood Processing	2,077,820	3.09%
7	Illinois Tool Works - Hobart Bros. Co.	Manufacturer - Tubular Wire Plant	2,021,500	3.01%
8	Paul Sherry RV Inc.	Retail	1,856,250	2.76%
9	Berwick Steel Company	Manufacturer - Steel Processing	1,844,830	2.75%
10	Industry Products Company	Manufacturer - Stamping	1,824,030	2.72%
		Sub-Total	32,988,690	49.12%
		All Others	34,174,440	50.88%
		Total	\$67,163,130	100.00%

Source: Miami County Auditor - Land and Buildings
Based on valuation of property in 2004

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, 2004**

	<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	2.62%
2	Jackson Tube	Manufacturer - Steel Tubing	3,311,210	0.90%
3	Med-Terra Inc.	Real Estate	2,248,840	0.61%
4	Evenflo Juvenile	Manufacturer - Juvenile Furniture	2,229,270	0.60%
5	Home Depot	Building Supply - Retail	2,090,420	0.57%
6	Ohio Bell Telephone	Utility	1,950,880	0.53%
7	Miami Valley Steel	Manufacturer - Steel Processing	1,538,920	0.42%
8	HCF Reality of Garbry	Senior Housing	1,384,640	0.37%
9	HCF Reality of Piqua	Senior Housing	1,283,240	0.35%
10	NK New Plan Exchange	Shopping Mall	1,181,640	0.32%
		Sub-Total	26,896,370	7.29%
		All Others	342,696,990	92.71%
		Total	<u>\$369,593,360</u>	<u>100.00%</u>

Source: Miami County Auditor - Land and Buildings
Based on valuation of property in 2004

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, 2004

	<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 Scening	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, 2005

Date of Incorporation	1908
Form of Government	School - Political Subdivision
Area	55 square miles
Miles traveled by Transportation Fleet for the 2004-2005 School Year	425,948
Meals Served by Food Service Department for the 2004-2005 School Year	653,643

<u>School Buildings</u>	<u>Grade Levels</u>	<u>Enrollment</u>
Piqua Senior High School	9 - 12	1,252
Piqua Junior High School	7 - 8	644
Bennett Intermediate School	4 - 6	252
Wilder Intermediate School	4 - 6	283
Washington Intermediate School	4 - 6	294
Favorite Hill Primary School	1 - 3	324
High Street Primary School	1 - 3	288
Springcreek Primary School	1 - 3	260
Nicklin Avenue Learning Center	K	325

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

STAFF STATISTICS

JUNE 30, 2005

Average classroom teacher salary	\$53,077
Average classroom teacher experience	14.72 years
Districtwide student/teacher ratio	21.08 : 1

Certified Staff

Classroom Teachers	182
Instructional Support	25
Administrators and Supervisors	18

Support Staff

Administration	5
Operations	5
Maintenance	28
Transportation	21
Clerical	25
Aides	32
Food Service	44
Parents as Teachers	3

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

**TEACHERS EDUCATION AND EXPERIENCE STATISTICS
JUNE 30, 2005**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	27	13.0%
Bachelor + 15	6	2.9%
Bachelor + 30	34	16.5%
Master's Degree	64	30.9%
Master's +10	65	31.4%
Master's +30	11	5.3%
Total	207	100.0%

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	47	22.6%
6 - 10	40	19.3%
11 - 15	26	12.6%
16 - 20	26	12.6%
21 - 25	24	11.6%
26 and over	44	21.3%
Total	207	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>
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
2005	31,599,735	3,922	8,057

Source: District Treasurer's Office

PIQUA CITY SCHOOL DISTRICT, OHIO

TRANSPORTATION STATISTICS

JUNE 30, 2005

Number of assigned school buses in fleet	21
Average age of school buses in fleet	8.00 years
Number of bus drivers	21
Average number of years of experience	10.60 years
Number of miles driven per day	2,140
Number of miles driven annually	385,200
Average miles per bus	18,342

Students Transported per Day

Public School	2,263
Non-public School	240
Handicapped	28
Preschool	<u>14</u>
Total	2,545
Percent of student enrollment transported	59%

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
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
2005	325	307	282	283	287	253	289	313	331	329	314	301	308	0	3,922

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
JANUARY 19, 2006**