

Port Clinton City School District

* * * *

Report Letters

June 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
Port Clinton City School District
431 Portage Drive
Port Clinton, Ohio 43452

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 5, 2007

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PORT CLINTON CITY SCHOOL DISTRICT

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 29, 2006

To the Board of Education
Port Clinton City School District
Ottawa County, Ohio

INDEPENDENT AUDITOR'S 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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Port Clinton City School District as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Port Clinton City School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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. However, we noted a matter involving the internal control over financial reporting that we have reported to management of Port Clinton City School District in a separate letter dated November 29, 2006.

Compliance and Other Matters

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 29, 2006

To the Board of Education
Port Clinton City School District
Ottawa County, Ohio

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

Compliance

We have audited the compliance of Port Clinton City School 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 the School District's major program for the year ended June 30, 2006. The School 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 Port Clinton City School District's management. Our responsibility is to express an opinion on Port Clinton City School'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 the 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Port Clinton City School'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 Port Clinton City School's compliance with those requirements.

In our opinion, Port Clinton City School District complied, in all material respects, with the requirements referred to above that are applicable to its major program for the year ended June 30, 2006. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards – Non GAAP Budgetary Basis

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Port Clinton City Schools as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 29, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards 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 management, the Board of Education the federal awarding agencies, and pass through agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

PORT CLINTON CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education (Passed Through Ohio Department of Education):					
Title I	84.010	C1-S1-2006	\$ 267,849	\$ 267,849	\$ 0
Title I	84.010	C1-S1-2005	0	9,131	0
Total Title I			267,849	276,980	0
IDEA - B	84.027	6B-SF-2006	503,425	419,064	0
IDEA - B	84.027	6B-SF-2005	0	12,406	0
IDEA - B	84.027	6B-SF-2004	0	100	0
Total IDEA - B			503,425	431,570	0
Safe and Drug-Free Schools and Communities	84.186	DR-S1-2006	9,340	9,340	0
Total Safe and Drug-Free Schools and Communities			9,340	9,340	0
Title V	84.298	C2-S1-2006	5,640	5,640	0
Title V	84.298	C2-S1-2005	0	4,191	0
Total Title V			5,640	9,831	0
Title II-D	84.318	TJ-S1-2006	4,873	3,345	0
Title II-D	84.318	TJ-S1-2005	0	4,437	0
Total Title II-D			4,873	7,782	0
Title II-A	84.367	TR-S1-2006	107,661	107,661	0
Title II-A	84.367	TR-S1-2005	0	1,200	0
Total Title II-A			107,661	108,861	0
Total Department of Education			898,788	844,364	0
U. S. Department of Health and Human Services (Passed Through Ohio Department of Mental Retardation and Developmental Disabilities):					
Community Alternative Funding System	93.778		41,937	41,937	0
State Children's Health Insurance Program	93.767		4,684	4,684	0
Total Department of Health and Human Services			46,621	46,621	0
U. S. Department of Agriculture (Passed Through Ohio Department of Education):					
Food Distribution Program (A) (B)	10.550		63,583	0	63,583
Team Nutrition Grant (B)	10.574		490	490	0
Nutrition Cluster:					
National School Lunch Program (B)	10.555		188,105	188,105	0
National School Breakfast Program (B)	10.553		35,288	35,288	0
Total Nutrition Cluster			223,393	223,393	0
Total Department of Agriculture			287,466	223,883	63,583
Total Federal Assistance			\$ 1,232,875	\$ 1,114,868	\$ 63,583

(A) Government commodities are reported at the fair market value of the commodities received and disbursed.
(B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**PORT CLINTON CITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 , Section .505
 JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted

Port Clinton City School District

Ottawa County, Ohio

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006**



Issued by:

Dr. Paul R. Lockwood II, Treasurer
Treasurer's Office

Introductory Section



PORT CLINTON CITY SCHOOL DISTRICT
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2006

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 Comprehensive Annual Financial Report
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PORT CLINTON CITY SCHOOL DISTRICT
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December 13, 2006

Dear Members of the Board of Education and Citizens of the Port Clinton City School Community:

As the Superintendent and Treasurer of the Port Clinton City School District (the District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2006 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) statement Number 34 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 and of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report ("CAFR") is presented in three sections: introductory, financial and statistical.

- The introductory section includes the table of contents, this transmittal letter, Board of Education members and elected officials, the management team and the District's organizational chart.
- The financial section which begins with the report of independent accountants and includes the management's discussion and analysis, the basic financial statements and Notes that provide an overview of the District's financial position and operating results, the combining statements by fund type, and other statements 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 educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels, and a broad range of co-curricular and extracurricular activities, adult and community education offerings, and special education services. Port Clinton High School juniors and seniors attend the Vanguard Career Center for vocational training classes. 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 and the vocational school operations do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

GENERAL INFORMATION CONCERNING THE BOARD AND THE DISTRICT

The School District

Port Clinton is located in Ottawa County in north central Ohio on the South shore of Lake Erie, approximately 70 miles west of the City of Cleveland. The District encompasses 47.93 square miles and includes the City of Port Clinton, the Townships of Catawba, Portage, and parts of Erie and Bay.

Valuation of real property indicates that 80.67% of the District is Residential/Agricultural, 19.32% is Commercial/Industrial and 0.01% is Public Utility.

The School District's 2006 population was 18,804. The District is the center of the Lake Erie vacation area and the host of significant tourist activity in the summer months. These activities include swimming, boating, and fishing.

One major festival, the Walleye Festival, is held over the Memorial Day Weekend each year. At year-end, the annual "Walleye Drop" welcomes the New Year. Each summer, nearby Camp Perry, a State-owned training center for the Air National Guard, is host to the United States Rifle and Pistol Championships. Cedar Point, a major amusement park, is 25 miles east of the city and draws hundreds of thousands of visitors every year from all over the nation. Ottawa County is home to more state parks than any other county in Ohio, as well as Ohio's only national wildlife refuge, the Ottawa National Wildlife Refuge.

Education began in Port Clinton, Ohio with one teacher, Mr. John Sylvester, teaching in local homes until 1838, the first year the first schoolhouse was built. The schoolhouse was erected only 10 years after the City of Port Clinton was founded. The first graduate of Port Clinton High School graduated in 1885.

Today the District, one of the 613 public school districts in the State and seven in the county, provides education to nearly 1,800 students in grades K through 12. The District consists of one high school, one middle school, four elementary schools, one administrative building, and a transportation center.

Statutorily, the District operates under the standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services mandated by the State and Federal agencies.

The Reporting Entity and Services Provided

The Port Clinton School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the Port Clinton School District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Port Clinton, Bay, Catawba, Erie and Portage Townships, the Port Clinton Public Library and the nonpublic school.

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are the Northern Ohio Educational Computer Association, the Bay Area Council of Governments, the Vanguard-Sentinel Joint Vocational School, and the Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 15 and 16 to the basic financial statements.

The District has a projected enrollment for June 30, 2007 of 1,842 students, compared to 1,817 actual enrollment of students for June 30, 2006.

A complete discussion of the District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

The City is a small community with historic homes overlooking the Lake Erie beach to newer developments for first time homeowners. Condominiums on Lake Erie offer dockage for boaters. The county has over 16,000 marina spaces that dot the shoreline and provides access to some of the best walleye and perch fishing in the country.

While tourism remains an important sector of the economy, the County is engaged in a variety of programs designed to attract and retain quality light industrial companies for the area. There are several industrial parks scattered throughout the county that can meet the needs of most industries. These sites are served by the infrastructure needed by industrial users and are located in close proximity to major transportation links. Over the past ten years, approximately \$140 million has been spent on public infrastructure improvements by the Ottawa County Commissioners. Enterprise zones, tax abatements, and other assistance programs are available for qualifying businesses.

Most District residents work outside the District. The Davis-Bessie Nuclear Power Station, a nuclear power plant located eight miles west of Port Clinton is the county's largest employer with 908 workers. Brush-Wellman, Inc. a manufacturing concern between Oak Harbor and Elmore has 560 employees.

The District is currently experiencing growth in its tax base as more and more land is developed for homes and summer get- a-ways. For calendar year 2004, the District's assessed valuation was \$508,983,171 and for calendar year 2005 it was \$526,547,636.

Contrary to popular belief, the District does not benefit financially in comparison to the percentage increases to assessed valuation from year to year. Rather, the District benefits significantly less due to House Bill 920, which was passed in 1976. House Bill 920 prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of existing property values. Thus, a District must obtain approval of voters for additional revenue through tax levies. Fortunately for the Port Clinton School District, voters have been extremely supportive of operating levies. This was evident in August of 2003, as voters approved an emergency operating levy of 3.89 mills. In March, 2005 the voters approved the renewal of a five-year 2.3 mill current expense levy and in February 1994 a 6.9 mill current expense levy was passed.

Of the District's general fund operations, 71.2 percent of the general fund revenue comes from real estate taxes on residential, commercial and industrial properties and tangible personal property taxpayers with 24.9 percent being received from various forms of State aid including reimbursement of homestead and rollback reductions on property taxes. Investment earnings and other revenues account for 2.5 percent.

The District maintains a strategic fiscal plan, which incorporates the State required five-year plan. The current long-term fiscal plan reflects a negative cash balance of \$1,435,102 during the 2011 fiscal year. The School District has a long history of local support. Continued voter support, and a healthy tax base are crucial to the long-term financial health of the District.

Major Initiatives

On the most recent State of Ohio Report Card, the Port Clinton City School District saw an increase in test scores of 34% across the board. The focus of our school district will be to continue the steps we have made in student achievement. To that end, the Board of Education continues curriculum alignment and the implementation of the five-year Strategic Plan, *An Agenda for Excellence*. This year the following Action Plans will be completed:

- Develop a program to link students and adult community members by sharing skills, talents, and service.
- Recognition for students who demonstrate outstanding effort and achievement.
- Provide district-wide summer reading and mathematics intervention for both at-risk and talented-and-gifted students exiting kindergarten.

- Develop a portable wireless laptop lab for Port Clinton High School.
- The district will monitor the usage of technology by providing the community with a Technology Report that will be published as part of the annual school calendar.
- Create a district technology club.
- Reduce our district maintenance costs.

Outlook for the Future

The Port Clinton City School District has many strengths and our plans for the future will utilize and improve upon these strengths. In addition to the core curriculum, our school district is committed to fine arts education. Our music programs are the pride of our district and we continue to be the only school in the county to offer all three: band, choir, and orchestra beginning in grade 6. Our students showcase their talents in various concerts, competitions and contests. Music Education will continue to be stressed and improved in the future.

In addition, we have been a leader in the use of technology in the classroom. We have the largest utilization of distance learning opportunities in the area, with a distance learning center in each building, video announcements at the elementary level, and a television studio in our high school. The studio is utilized by the students and the community to provide information county-wide.

The Port Clinton Academy Classroom of Tomorrow (*P.A.C.T.*) was started as a pilot program in the Summer of 2005 for Port Clinton High School Students during summer school. The program was in place to help students in the three following scenarios: Students that were credit deficient to keep them from dropping out of school; Hardship cases such as pregnant students, suicidal students, and other such cause; or Students who have been enrolled in online Charter Schools. Since attendance and graduation rates are part of the State of Ohio Report Card, and the district goal is to achieve the highest possible rating, the virtual learning academy helps the district to meet these indicators and even more importantly helps students reach graduation instead of dropping out of school. The Virtual Learning Program will continue to expand to provide opportunities for students.

Our Marketing Education program, D.E.C.A., had fallen from its claim of monopolizing State and National Competitions, however, this year with the help of a new instructor our program is once again healthier and on the road to reclaim our former prestige.

Student Achievement and test scores continue to be the focus of all we do. The Port Clinton City School District will continue our process of curriculum alignment and capitalize on improved test scores so our students continue to Proudly Chart a Course for Success.

FINANCIAL INFORMATION

Pursuant to accounting procedures prescribed by the Ohio Revised Code (ORC), revenues and expenditures are recorded on a budgetary basis during the fiscal year. The accounting procedures prescribed by the ORC are generally applicable to all school districts in Ohio and differ from GAAP as promulgated by the Governmental Accounting Standards Board.

Annual financial reports on a budgetary basis are prepared by the Treasurer and filed with the State Department of Education as required by state statute. The State Auditor of Ohio requires that the District prepare and publish an annual financial report using accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis follows the independent auditor's report, and provides an assessment of the District's finances and outlook for the future.

Fiscal Management

The Treasurer, as chief financial officer of the Board of Education and the District, is responsible for receiving, maintaining custody of and disbursing and properly reporting all funds of the Board.

Budgeting, Tax Levy and Appropriations Procedures

The Ohio Revised Code contains detailed provisions regarding District budgeting, tax levy and appropriation procedures. The procedures involve review by Ottawa County (The “County”) officials at several stages.

District budgeting for a fiscal year formally begins with the preparation of a tax budget. After a public hearing, this budget is adopted by the Board prior to the fiscal year to which it pertains. Among other items, the tax budget must show the amounts required for debt service, the estimated receipts received from sources other than property taxes and the net amount for which a property tax levy must be made. The tax budget then is presented for review by the County Budget Commission, comprised of the County Auditor, County Treasurer and County Prosecuting Attorney.

The Budget Commission reviews the tax budget. The Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein”. Upon approval of the tax budget, the County Budget Commission certifies to the Board its action together with the approved tax rates. Thereafter, the Board levies the approved taxes and certifies them to the proper County officials. The approved and certified tax rates are reflected in the tax bills sent to property owners during the collection year. Real property taxes are payable on a calendar basis, generally in two installments with the first usually in January and the second in July.

If a permanent appropriation measure is not ready for adoption at the beginning of each fiscal year, the Board adopts a temporary appropriation measure to begin that new fiscal year and then, within three months, adopts a permanent appropriation measure for that fiscal year. Permanent appropriation measures may be, and generally are, amended or supplemented during the fiscal year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources. The County Auditor must certify that the Board’s appropriation measures, including any supplements or amendments, do not appropriate monies in excess of the amounts set forth in the latest of those official estimates.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the object level. The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are reviewed prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. Estimated revenues and appropriations are amended at year-end based on actual revenue, expenditure and encumbrance activity.

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. 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 derived from its implementation; and, (2) the valuation of cost and benefits requires estimates and judgments by management.

Cash Management

The District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) Investment Pool, certificates of deposit and in repurchase agreements. The amount of investment income in fiscal year 2006 for all District funds was \$326,150. A more detailed description of the District's investment functions is described in Note 2 to the financial statements.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2006, the District contracted with various insurance companies for general liability insurance with a \$2,000,000 single occurrence limit and a \$6,000,000 aggregate. Buildings and contents are covered under a Commercial Property Comprehensive Building Insurance policy with a \$1,000 deductible.

The District's vehicles are covered under a business auto policy with various insurance companies for primary coverage. This policy carries a \$1000 deductible and a \$1,000,000 limit for bodily injury and property damage and a \$1,000,000 limit for uninsured motorist.

The District joined together with other governments to form the Ohio School Board Association Worker's Compensation Group Rating Program, a public entity currently operating as a common risk management and insurance program for workers' compensation. The District pays an annual premium to the pool for its workers compensation coverage. See Note 15 for further description.

USE OF REPORT

This report is published to provide the Board of Education, the citizens of the Port Clinton City School District and other interested persons, detailed information concerning the financial condition of the District, with the particular emphasis placed on the utilization of resources during Fiscal Year 2006. Further, this report will serve as a guide to formulating policies and conducting the District's day-to-day activities. The information is presented in a manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

In today's public awareness environment it is increasingly important that the public agencies prepare soundly conceived annual financial reports independently audited by a qualified firm or agency. It has become essential that such reports be prepared in accordance with generally accepted accounting principals (GAAP). Bond rating agencies review the data presented before determining a public agency's Bond rating.

PENSION PLANS

All School District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) with the exception of Board of Education members who have chosen to participate in Social Security. The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 11 to the Basic Financial Statements for complete details.

OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent accountants. Either the Ohio State Auditor's office or an Independent Public Accountant (IPA) contracted by the State and the District may conduct the annual audit. The District requested and received permission from the State Auditor to contract with an (IPA) for completion of the annual audit for a three-year period. For the fiscal year ended June 30, 2006, Rea & Associates completed the audit. The auditor's unqualified audit opinion on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

AWARDS

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the District for its fiscal years ended June 30, 2004 and 2005 CAFR. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

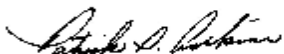
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff under the coordination of Dr. Paul Lockwood, II, Treasurer/Chief Financial Officer. We are also grateful for the services of Jo Ellen Regal, Ottawa County Auditor, Walter Wehenkel Jr., Regional Planning Director, Pam Kubasek, Julie Riedmaier, Marsha Everett, Toni Letterhos of the Treasurer's Office, Mindee Johnson, Senior Auditor, Karen Maize and Joy Fazenbaker, Staff Auditors of Rea & Associates, Inc. for their consulting assistance in preparing this report. We truly appreciate the contributions made by each staff member in the preparation of this report.

We want to express our appreciation to all who assisted and contributed to its preparation. We would like to acknowledge all members of the Board of Education who have expressed their interest and support in planning and conducting the financial operations of the District in a fiscally responsible, professional and progressive manner.



Patrick D. Adkins
Superintendent



Dr. Paul R. Lockwood II
Treasurer

Port Clinton City School District, Ohio

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 Port Clinton City School District are:

<i>Member</i>	<i>Present Term Expires</i>
<i>David Belden, President</i>	December 31, 2007
<i>Barbara Drusbacky, Vice-President</i>	December 31, 2008
<i>Walter Wehenkel, Member</i>	December 31, 2008
<i>Michele Mueller,, Member</i>	December 31, 2008
<i>Michael Bassett Jr., Member</i>	December 31, 2007

Superintendent of Schools

The Superintendent is the executive officer of the School 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 advisory to the Board on all aspects of the educational program and total operation of the School District. The Board appointed Patrick D. Adkins, Superintendent of the Port Clinton School District effective August 25, 2004. His employment contract expires on July 31, 2011.

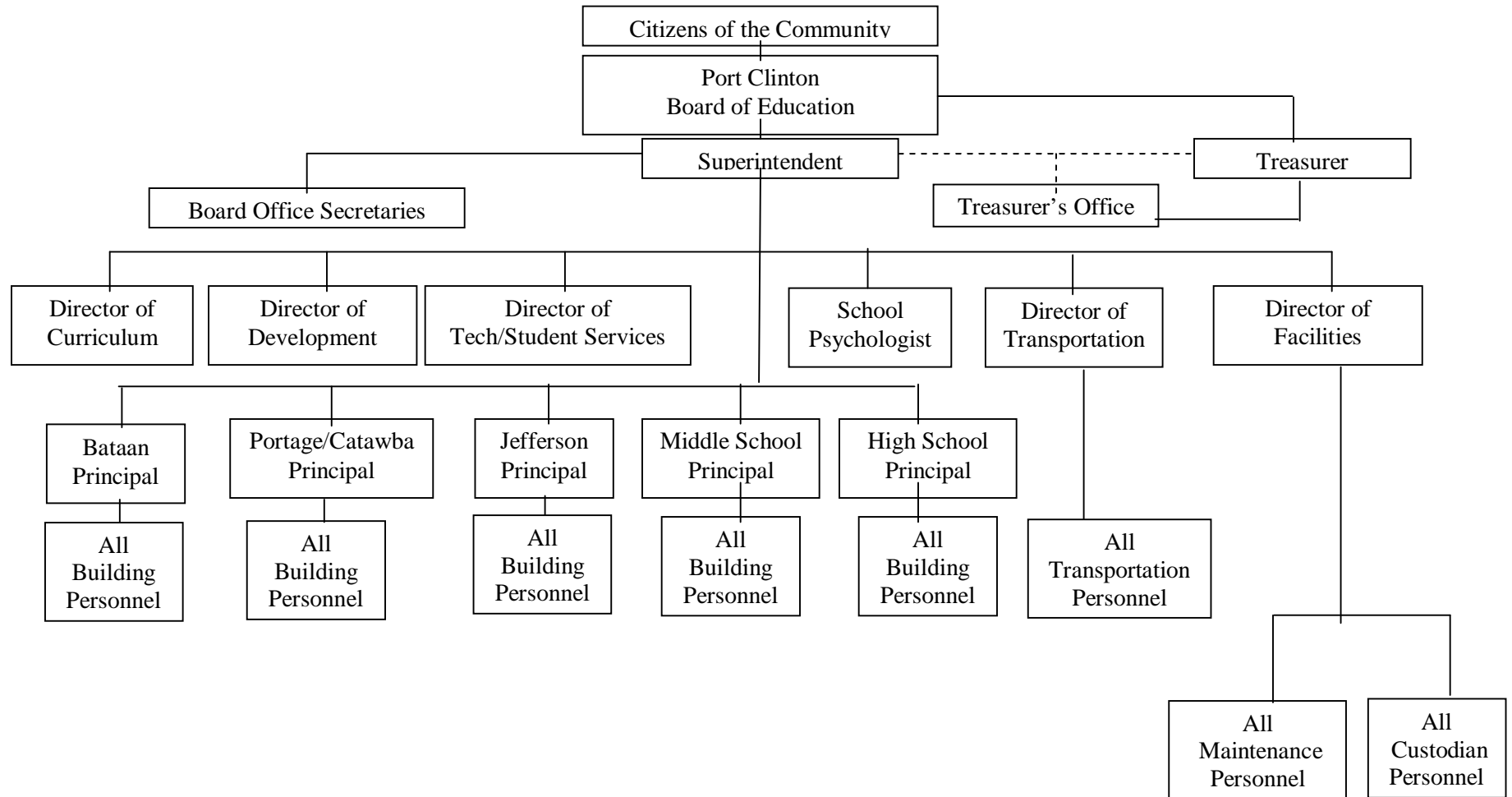
Treasurer/Chief Financial Officer

The Treasurer/Chief financial Officer serves as the fiscal officer of the District and, with the board president, executes all conveyances made by the Board of Education. The Treasurer, Dr. Paul R. Lockwood II, has held the position since January 15, 2003. His employment contract expires on January 11, 2009.

PORT CLINTON CITY SCHOOL DISTRICT, OHIO
Management Team

Patrick D. Adkins	Superintendent of Schools
Dr. Paul R. Lockwood II	Treasurer
Terry Clark	Director of Facilities
Jack Nitz	Director of Curriculum
Jan Gluth	Director of Student, Staff and Community Development
Dan Leary	School Psychologist
Barbara Bice	Transportation Supervisor
Dale VanLerberghe	High School Principal
Robert Nobles	Port Clinton Middle School Principal
Martha Willis	Bataan Memorial Elementary School Principal
Jim Bergeman	Jefferson Elementary School Principal
Gary Steyer	Portage/Catawba Middle School Principal
Carey Clum	Athletic Director
Bob Polachek	Junior High Athletic Director

**PORT CLINTON CITY SCHOOL DISTRICT
ORGANIZATIONAL CHART**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Port Clinton City
School District, Ohio

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

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



A handwritten signature in black ink, appearing to read "Thomas J. Flannery".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

Financial Section



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 29, 2006

The Board of Education
Port Clinton City School District
431 Portage Drive
Port Clinton, OH 43452

INDEPENDENT AUDITOR'S REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2006 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 12 are 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 the 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 School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements 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 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. The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hea & Associates, Inc.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

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

Financial Highlights

Key financial highlights for 2006 are as follows:

Overall:

- For governmental activities, net assets increased \$514,455, which represents an 8.9 percent increase from 2005. Advances for property taxes increased by \$209,677 which represents the primary increase of net assets. For additional information see Note 2.
- General revenues accounted for \$19,258,530 in revenue or 88.8 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,420,417 or 11.2 percent of total governmental revenues of \$21,678,947.
- The District had \$21,164,492 in expenses related to governmental activities; only \$2,420,417 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$19,258,530 were adequate to provide for these programs.
- Among major funds, the general fund had \$18,443,825 in revenues (exclusive of revenue from other financing sources) and \$17,521,206 in expenditures (exclusive of other financing uses). The general fund's fund balance increased to \$4,321,078 from \$3,947,490. The District is in the early cycle of a recently passed tax levy, which will contribute to the stabilizing of the general fund.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Port Clinton City School District, the general fund and debt service fund are by far the most significant funds.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District only had one type of activity:

- Governmental Activities - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 15. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions, however, these financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and debt service fund.

Governmental Funds All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 governmental 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 difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

The District as a Whole

Governmental Activities

Table 1 shows net assets for fiscal year 2006 compared to 2005 (restated).

(Table 1)
Net Assets
Governmental Activities

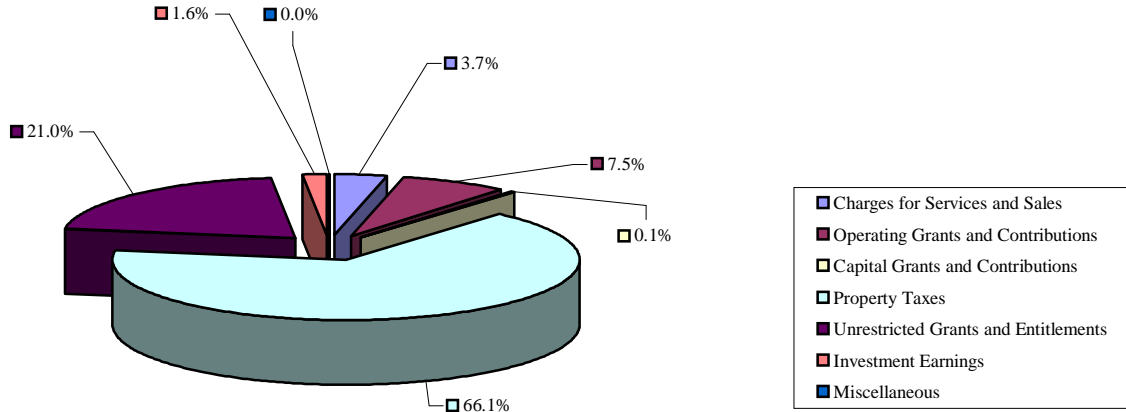
	<u>2006</u>	<u>Restated 2005</u>
Assets:		
Current and Other Assets	23,108,449	23,008,787
Capital Assets	<u>3,216,083</u>	<u>3,464,953</u>
Total Assets	<u>26,324,532</u>	<u>26,473,740</u>
Liabilities:		
Current Liabilities	14,518,004	14,948,415
Long-term Liabilities	<u>5,519,235</u>	<u>5,752,487</u>
Total Liabilities	<u>20,037,239</u>	<u>20,700,902</u>
Net Assets:		
Invested in Capital Assets	473,002	(557,448)
Restricted	3,646,323	3,570,516
Unrestricted	<u>2,167,968</u>	<u>2,759,770</u>
Total Net Assets	<u><u>6,287,293</u></u>	<u><u>5,772,838</u></u>

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

What are the District's Revenue Sources?

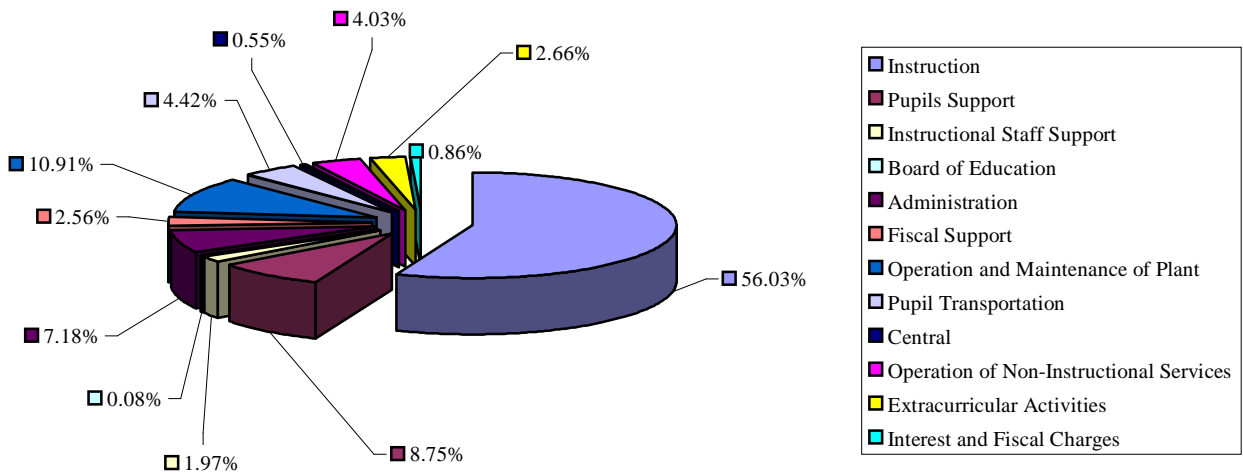
The following pie graph provides a summary of the District's Governmental Activities revenue sources for 2006.

Revenues - Percentage View



Where does the District spend its revenues?

Expenditures - Percentage View



Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

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

Thus, districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 66.1 percent of revenue for governmental activities for Port Clinton City School District in fiscal year 2006, a slight increase from prior years.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 2 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

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Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

(Table 2)
Changes in Net Assets
Governmental Activities

	2006	2005
Revenues		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$ 805,502	\$ 294,600
Operating Grants and Contributions	1,579,271	1,481,665
Capital Grants and Contributions	35,644	0
<i>General Revenues:</i>		
Property Taxes	14,336,210	14,498,022
Grants and Entitlements not Restricted to Specific Programs	4,582,041	5,019,349
Investment Earnings	326,150	184,809
Gain from Sale of Capital Assets	0	4,022
Miscellaneous	14,129	508,794
Transfers	0	480
<i>Total Revenues</i>	21,678,947	21,991,741
 <i>Program Expenses</i>		
<i>Instruction:</i>		
Regular	8,974,539	8,920,104
Special	1,938,241	2,038,648
Vocational	148,618	153,591
Other	795,721	574,941
<i>Support Services</i>		
Pupils	1,852,770	1,761,180
Instructional Staff	416,596	348,950
Board of Education	17,955	26,399
Administration	1,520,493	1,507,848
Fiscal	541,208	672,995
Operation and Maintenance of Plant	2,309,324	1,837,266
Pupil Transportation	935,746	927,084
Central	115,846	94,644
<i>Operation of Non-Instructional Services</i>	852,974	847,633
Extracurricular Activities	562,819	538,827
Interest and Fiscal Charges	181,642	149,207
<i>Total Expenses</i>	21,164,492	20,399,317
 Increase in Net Assets	\$ 514,455	\$ 1,592,424

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

Governmental Activities

The dependence upon general tax revenues for governmental activities is apparent. Over 100 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 88.7 percent as shown in the above table. The community, as a whole, is by far the primary support for Port Clinton City School District students.

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

(Table 3)
Total and Net Costs of Program Services
Governmental Activities

	Total Cost of Service 2006	Total Cost of Service 2005	Net Cost of Service 2006	Net Cost of Service 2005
Instruction	\$ 11,857,119	\$ 11,687,284	\$ (10,730,770)	\$ (10,465,891)
Support Services:				
Pupil and Instructional Staff	2,269,366	2,110,130	(2,019,463)	(2,008,334)
Board of Education, Administration				
Fiscal and Central	2,195,501	2,301,886	(2,093,221)	(2,295,990)
Operation and Maintenance of Plant	2,309,324	1,837,266	(2,272,764)	(1,835,194)
Pupil Transportation	935,746	927,084	(915,022)	(927,084)
Operation of Non-Instructional Services	852,975	847,633	(117,282)	(528,094)
Extracurricular Activities	562,819	538,827	(413,911)	(413,258)
Interest and Fiscal Charges	181,642	149,207	(181,642)	(149,207)
Total	\$ 21,164,492	\$ 20,399,317	\$ (18,744,075)	\$ (18,623,052)

The District's Funds

Information about the District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$22,302,107 and expenditures and other financing uses of \$21,649,594. The net change in fund balance for the year was most significant in the General Fund, where the General Fund balance increased by \$373,588 in fiscal year 2006.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

General Fund Budgeting Highlights

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

During the course of fiscal year 2006 the District amended its General Fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

During the course of fiscal year 2006, the General Fund, budget revenue was inline with the original budget estimate. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were also in line with projections.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the District had \$3,216,083 (net) invested in land, buildings, equipment and vehicles.

Table 4 shows fiscal 2006 net capital asset balances for governmental type activities compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Type Activities	
	2006	Restated 2005
Land	\$ 58,517	\$ 58,517
Buildings and Improvements	2,632,552	2,743,538
Furniture, Equipment and Vehicles	525,014	662,898
Totals	\$ 3,216,083	\$ 3,464,953

The decrease in capital assets is attributable to depreciation expense exceeding additional purchases. The District continued its ongoing commitment to maintaining and improving its capital assets. For additional detail, see Note 9.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

In previous years, Ohio law required districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this law was rescinded for 2003 and was changed to three percent. The District maintained an \$86,386 budgetary stabilization reserve.

Debt

At June 30, 2006, the District had \$4,266,556 in outstanding debt with \$754,000 as the amount due within one year. For additional detail, see Note 14. Table 5 summarizes bonds and notes outstanding.

Table 5
Outstanding Debt at June 30,

	2006	Restated 2005
2003 School Improvement Serial Bonds	\$ 2,670,000	\$ 3,320,000
Capital Appreciation Bonds	314,994	314,994
Accretion on Capital Appreciation Bonds	166,064	104,381
Unamortized Premium	215,005	250,839
Refunding Loss	(146,907)	(171,392)
House Bill Note	1,047,400	1,141,400
Total	\$ 4,266,556	\$ 4,960,222

Current Financial Related Activities

Port Clinton City School District is strong financially. As the preceding information shows, the District heavily depends on its property taxpayers. With the passage of a 3.89-mill operating levy and collection beginning in January 2006, the District has been able to continue its education programs. However, financially the future is not without challenges.

While the District was successful in increasing its tax revenue base in 2006, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

Declining state foundation payments due to charge-offs by the state provide no significant increase in future revenues. Increases in property tax revenues that do occur are offset by decreases in state foundation payments. With its major source of revenue not keeping pace with expenditure increases, the District must seek additional tax revenue to continue current operations. However, the District cannot look to the State of Ohio for increased revenue and must be on the look out for unexpected additional budget reductions initiated by the Governor.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

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 plan 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 District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. Virtually, no additional state revenue will be available to Port Clinton City School District. Thus, both taxes and state revenue are fixed or declining. The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

Port Clinton City School District has committed itself to financial excellence for many years. The District intends to send this Comprehensive Annual Financial Report to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. This report represents the fourth report using the GFOA requirements.

In addition, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

Contacting the District's Financial Management

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 Paul Lockwood, Treasurer at Port Clinton City School District, 431 Portage Drive, Port Clinton, OH 43452.

Port Clinton City School District

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,015,654
Cash and Cash Equivalents in Segregated Accounts	4,201
Investments	3,911,068
Receivables:	
Taxes	14,907,627
Accounts	439
Prepaid Items	128,892
Inventory Held for Resale	6,457
Materials and Supplies Inventory	37,280
Accrued Interest Receivable	28,734
Deferred Charges	68,097
Non-Depreciable Capital Assets	58,517
Depreciable Capital Assets, net	<u>3,157,566</u>
<i>Total Assets</i>	<u>26,324,532</u>
Liabilities	
Accounts Payable	98,993
Accrued Wages and Benefits	1,581,619
Intergovernmental Payable	550,245
Accrued Interest Payable	9,313
Unearned Revenue	12,277,834
Long-Term Liabilities:	
Due Within One Year	916,944
Due in More Than One Year	<u>4,602,291</u>
<i>Total Liabilities</i>	<u>20,037,239</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	473,002
Restricted for Debt Service	2,731,336
Restricted for Capital Outlay	240,748
Restricted for Budgetary Reserve	86,386
Restricted for Locally Funded Programs	462,623
Restricted for Student Activities	40,724
Restricted for State Funded Programs	8,277
Restricted for Federally Funded Programs	76,229
Unrestricted	<u>2,167,968</u>
<i>Total Net Assets</i>	<u>\$ 6,287,293</u>

The accompanying notes are an integral part of the financial statements.

Port Clinton City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 8,974,539	\$ 300,599	\$ 232,951	\$ 0	\$ (8,440,989)
Special	1,938,241	0	592,799	0	(1,345,442)
Vocational	148,618	0	0	0	(148,618)
Other	795,721	0	0	0	(795,721)
Support Services:					
Pupils	1,852,770	29,450	219,921	0	(1,603,399)
Instructional Staff	416,596	0	532	0	(416,064)
Board of Education	17,955	0	0	0	(17,955)
Administration	1,520,493	0	50,342	0	(1,470,151)
Fiscal	541,208	0	14,891	0	(526,317)
Operation and Maintenance of Plant	2,309,324	0	9,281	27,279	(2,272,764)
Pupil Transportation	935,746	0	12,359	8,365	(915,022)
Central	115,846	0	37,047	0	(78,799)
Operation of Non-Instructional Services:					
Food Service Operations	730,845	333,304	298,730	0	(98,811)
Community Services	122,129	8,367	95,292	0	(18,470)
Extracurricular Activities	562,819	133,782	15,126	0	(413,911)
Interest and Fiscal Charges	181,642	0	0	0	(181,642)
<i>Total Governmental Activities</i>	<u>\$ 21,164,492</u>	<u>\$ 805,502</u>	<u>\$ 1,579,271</u>	<u>\$ 35,644</u>	<u>(18,744,075)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					13,295,513
Capital Outlay					255,218
Debt Service					785,479
Grants and Entitlements not Restricted to Specific Programs					4,582,041
Investment Earnings					326,150
Miscellaneous					14,129
<i>Total General Revenues</i>					<u>19,258,530</u>
<i>Change in Net Assets</i>					514,455
<i>Net Assets Beginning of Year (Restated, See Note 3)</i>					<u>5,772,838</u>
<i>Net Assets End of Year</i>					<u>\$ 6,287,293</u>

The accompanying notes are an integral part of the financial statements.

Port Clinton City School District

Balance Sheet

Governmental Funds

June 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 313,533	\$ 2,596,941	\$ 1,006,833	\$ 3,917,307
Cash and Cash Equivalents in Segregated Accounts	0	0	4,201	4,201
Restricted Cash and Cash Equivalents	98,347	0	0	98,347
Investments	3,911,068	0	0	3,911,068
Receivables:				
Taxes	13,822,567	820,300	264,760	14,907,627
Accounts	439	0	0	439
Interfund	45,000	0	0	45,000
Accrued Interest Receivable	28,734			28,734
Prepaid Items	120,109	0	8,783	128,892
Inventory Held for Resale	0	0	6,457	6,457
Materials and Supplies Inventory	35,560	0	1,720	37,280
<i>Total Assets</i>	<u>\$ 18,375,357</u>	<u>\$ 3,417,241</u>	<u>\$ 1,292,754</u>	<u>\$ 23,085,352</u>
Liabilities				
Accounts Payable	\$ 82,628	\$ 0	\$ 16,365	\$ 98,993
Accrued Wages and Benefits	1,519,001	0	62,618	1,581,619
Interfund Payable	0	0	45,000	45,000
Intergovernmental Payable	512,993	0	37,252	550,245
Deferred Revenue	11,939,657	709,391	229,070	12,878,118
<i>Total Liabilities</i>	<u>14,054,279</u>	<u>709,391</u>	<u>390,305</u>	<u>15,153,975</u>
Fund Balances				
Reserved for Encumbrances	364,593	0	154,530	519,123
Reserved for Prepaid Items	120,109	0	8,783	128,892
Reserved for Property Taxes	1,882,910	110,909	35,690	2,029,509
Reserved for Bus Purchases	11,961	0	0	11,961
Reserved for BWC Refund	86,386	0	0	86,386
Unreserved, Undesignated, Reported in:				
General Fund	1,855,119	0	0	1,855,119
Debt Service Fund	0	2,596,941	0	2,596,941
Special Revenue Funds	0	0	544,195	544,195
Capital Projects Funds	0	0	159,251	159,251
<i>Total Fund Balances</i>	<u>4,321,078</u>	<u>2,707,850</u>	<u>902,449</u>	<u>7,931,377</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 18,375,357</u>	<u>\$ 3,417,241</u>	<u>\$ 1,292,754</u>	<u>\$ 23,085,352</u>

The accompanying notes are an integral part of the financial statements.

Port Clinton City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities*
 June 30, 2006

Total Governmental Fund Balances		\$ 7,931,377
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,216,083
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes		600,284
Bond issuance costs are reported as an expenditure in the funds are allocated as an expense over the life of the bonds on a full accrual basis.		
Issuance Costs	\$ 79,447	
Accumulated Amortization	<u>(11,350)</u>	
Total		68,097
In the statement of activities, bond refunding costs are amortized over the term of the bonds, whereas in governmental funds bond refunding expenditure is reported when bonds are issued.		146,907
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is not recorded.		(9,313)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
HB 264 Energy Conservation Notes Payable	(1,047,400)	
General Obligation Bonds	(2,670,000)	
Capital Appreciation Bonds	(481,058)	
Bond Premium	(215,005)	
Compensated Absences	<u>(1,252,679)</u>	
Total		<u>(5,666,142)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 6,287,293</u></u>

The accompanying notes are an integral part of the financial statements.

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 13,373,258	\$ 780,311	\$ 251,871	\$ 14,405,440
Intergovernmental	4,544,978	82,879	1,520,139	6,147,996
Interest	320,316	0	5,834	326,150
Tuition and Fees	185,981	0	38,890	224,871
Rent	8,367	0	0	8,367
Extracurricular Activities	0	0	133,782	133,782
Gifts and Donations	0	0	48,960	48,960
Customer Sales and Services	0	0	438,482	438,482
Miscellaneous	10,925	0	3,204	14,129
<i>Total Revenues</i>	<u>18,443,825</u>	<u>863,190</u>	<u>2,441,162</u>	<u>21,748,177</u>
Expenditures				
Current:				
Instruction:				
Regular	7,886,773	0	552,895	8,439,668
Special	1,453,611	0	497,484	1,951,095
Vocational	146,187	0	0	146,187
Other	795,721	0	0	795,721
Support Services:				
Pupils	1,572,011	0	228,256	1,800,267
Instructional Staff	376,957	0	5,811	382,768
Board of Education	17,955	0	0	17,955
Administration	1,335,816	0	82,811	1,418,627
Fiscal	472,469	10,281	17,949	500,699
Operation and Maintenance of Plant	2,082,319	0	39,155	2,121,474
Pupil Transportation	938,211	0	12,941	951,152
Central	79,160	0	36,686	115,846
Operation of Non-Instructional Services:				
Food Service Operations	0	0	729,137	729,137
Community Services	0	0	120,209	120,209
Extracurricular Activities	336,745	0	160,536	497,281
Capital Outlay	27,271	0	214,918	242,189
Debt Service:				
Principal Retirement	0	744,000	0	744,000
Interest and Fiscal Charges	0	121,389	0	121,389
<i>Total Expenditures</i>	<u>17,521,206</u>	<u>875,670</u>	<u>2,698,788</u>	<u>21,095,664</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>922,619</u>	<u>(12,480)</u>	<u>(257,626)</u>	<u>652,513</u>
Other Financing Sources and Uses				
Transfers In	0	143,839	410,091	553,930
Transfers Out	(549,031)	0	(4,899)	(553,930)
<i>Total Other Financing Sources and Uses</i>	<u>(549,031)</u>	<u>143,839</u>	<u>405,192</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	373,588	131,359	147,566	652,513
<i>Fund Balances Beginning of Year</i>	<u>3,947,490</u>	<u>2,576,491</u>	<u>754,883</u>	<u>7,278,864</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,321,078</u>	<u>\$ 2,707,850</u>	<u>\$ 902,449</u>	<u>\$ 7,931,377</u>

The accompanying notes are an integral part of the financial statements.

Port Clinton City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006*

Net Change in Fund Balances - Total Governmental Funds \$ 652,513

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

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

Capital Asset Additions	\$ 100,962	
Current Year Depreciation	<u>(286,155)</u>	
Total		(185,193)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (63,677)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
Delinquent Property Taxes (69,230)

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. 1,431

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.
HB 264 Energy Conservation Notes Payable 94,000
2003 School Improvement Bonds 650,000
Total 744,000

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

Compensated Absences	(503,706)	
Loss on Refunding	(24,485)	
Bond Issuance Costs	(11,350)	
Bond Premium	35,834	
Bond Accretion	<u>(61,683)</u>	
Total		<u>(565,390)</u>

Change in Net Assets of Governmental Activities \$ 514,454

The accompanying notes are an integral part of the financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 13,163,581	\$ 13,163,581	\$ 13,163,581	\$ 0
Intergovernmental	4,584,242	4,584,242	4,584,242	0
Tuition and Fees	185,742	185,742	185,542	(200)
Rent	8,367	8,367	8,367	0
Interest	339,375	339,375	339,375	0
Miscellaneous	9,190	9,190	10,322	1,132
<i>Total Revenues</i>	<u>18,290,497</u>	<u>18,290,497</u>	<u>18,291,429</u>	<u>932</u>
Expenditures				
Current:				
Instruction				
Regular:				
Salaries	5,667,877	5,667,877	5,664,954	2,923
Fringe Benefits	1,907,455	1,907,455	1,661,491	245,964
Purchased Services	132,087	132,087	108,360	23,727
Materials and Supplies	499,469	499,469	382,854	116,615
Capital Outlay	157,801	157,801	106,562	51,239
Total - Regular	<u>8,364,689</u>	<u>8,364,689</u>	<u>7,924,221</u>	<u>440,468</u>
Special:				
Salaries	759,167	759,167	754,858	4,309
Fringe Benefits	192,196	192,196	192,196	0
Purchased Services	8,764	8,764	0	8,764
Materials and Supplies	8,500	8,500	8,443	57
Capital Outlay	583,991	583,991	498,718	85,273
Total - Special	<u>1,552,618</u>	<u>1,552,618</u>	<u>1,454,215</u>	<u>98,403</u>
Vocational:				
Salaries	83,300	83,300	80,098	3,202
Fringe Benefits	21,174	21,174	21,175	(1)
Purchased Services	75,233	75,233	45,161	30,072
Total - Vocational	<u>179,707</u>	<u>179,707</u>	<u>146,434</u>	<u>33,273</u>
Other:				
Purchased Services	552,268	552,268	463,036	89,232
Other	400,603	400,603	359,671	40,932
Total - Other	<u>952,871</u>	<u>952,871</u>	<u>822,707</u>	<u>130,164</u>
Total - Instruction	<u>11,049,885</u>	<u>11,049,885</u>	<u>10,347,577</u>	<u>702,308</u>

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support Services:				
Pupils:				
Salaries	1,143,503	1,143,503	1,132,640	10,863
Fringe Benefits	353,200	353,200	341,133	12,067
Purchases Services	42,226	42,226	32,947	9,279
Materials and Supplies	5,000	5,000	3,056	1,944
Capital Outlay	1,200	1,200	683	517
Total - Pupils	<u>1,545,129</u>	<u>1,545,129</u>	<u>1,510,459</u>	<u>34,670</u>
Instructional Staff:				
Salaries	217,264	217,264	217,070	194
Fringe Benefits	63,900	63,900	62,255	1,645
Purchases Services	62,830	62,830	23,807	39,023
Materials and Supplies	54,183	54,183	49,149	5,034
Capital Outlay	32,807	32,807	29,081	3,726
Total - Instructional Staff	<u>430,984</u>	<u>430,984</u>	<u>381,362</u>	<u>49,622</u>
Board of Education:				
Salaries	9,600	9,600	8,360	1,240
Fringe Benefits	1,796	1,796	989	807
Purchases Services	6,664	6,664	2,892	3,772
Materials and Supplies	25	25	0	25
Capital Outlay	4,818	4,818	4,818	0
Total - Board of Education	<u>22,903</u>	<u>22,903</u>	<u>17,059</u>	<u>5,844</u>
Administration:				
Salaries	876,388	876,388	875,734	654
Fringe Benefits	290,616	290,616	268,193	22,423
Purchased Services	233,319	233,319	180,780	52,539
Materials and Supplies	27,994	27,994	17,913	10,081
Other	30,532	30,532	26,056	4,476
Capital Outlay	5,607	5,607	4,796	811
Capital Outlay - Replacement	2,000	4,000	1,425	2,575
Total - Administration	<u>1,466,456</u>	<u>1,468,456</u>	<u>1,374,897</u>	<u>93,559</u>
Fiscal:				
Salaries	217,154	217,154	208,513	8,641
Fringe Benefits	60,025	60,025	59,846	179
Purchased Services	24,952	24,952	22,525	2,427
Materials and Supplies	8,567	8,567	5,766	2,801
Other	273,959	273,959	219,003	54,956
Capital Outlay	10,000	10,000	7,493	2,507
Total - Fiscal	<u>594,657</u>	<u>594,657</u>	<u>523,146</u>	<u>71,511</u>

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operation and Maintenance of Plant:				
Salaries	935,105	935,105	933,602	1,503
Fringe Benefits	621,144	621,144	355,415	265,729
Purchased Services	1,079,872	1,079,872	889,327	190,545
Materials and Supplies	227,375	227,375	194,616	32,759
Other	7,673	7,673	4,802	2,871
Capital Outlay	25,910	25,910	25,910	0
Capital Outlay - Replacement	16,000	16,000	15,098	902
Total - Operation and Maintenance	2,913,079	2,913,079	2,418,770	494,309
Pupil Transportation:				
Salaries	492,094	492,094	491,852	242
Fringe Benefits	170,717	170,717	169,997	720
Purchased Services	58,754	58,754	55,370	3,384
Materials and Supplies	133,173	133,173	124,334	8,839
Capital Outlay	25,500	25,500	16,124	9,376
Capital Outlay - Replacement	113,497	113,497	113,497	0
Total - Pupil Transportation	993,735	993,735	971,174	22,561
Central:				
Salaries	57,600	57,600	56,117	1,483
Fringe Benefits	18,185	18,185	18,008	177
Purchased Services	0	11,000	1,297	9,703
Total - Central	75,785	86,785	75,422	11,363
Total - Support Services	8,042,728	8,055,728	7,272,289	783,439
Operation of Non-Instructional Services				
Purchased Services	0	36,000	0	36,000
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries	29,500	29,500	29,036	464
Fringe Benefits	4,200	4,200	3,911	289
Total - Academic Oriented Activities	33,700	33,700	32,947	753
Occupation Oriented Activities:				
Salaries	5,000	5,000	4,737	263
Fringe Benefits	525	525	525	0
Total - Occupation Oriented Activities	5,525	5,525	5,262	263

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Sports Oriented Activities:				
Salaries	229,652	229,652	229,639	13
Fringe Benefits	43,662	43,662	40,577	3,085
Purchased Services	400	400	381	19
Total - Sports Oriented Activities	273,714	273,714	270,597	3,117
School and Public Service Co-Curricular Activities:				
Salaries	17,455	17,455	17,455	0
Fringe Benefits	2,389	2,389	2,389	0
Total - School and Public Service Co-Curricular Activities	19,844	19,844	19,844	0
Total - Extracurricular Activities	332,783	332,783	328,650	4,133
Capital Outlay:				
Building Acquisition and Construction Services:				
Purchased Services	55,000	55,000	27,271	27,729
Total Expenditures	19,480,396	19,529,396	17,975,787	1,553,609
Excess of Revenues Over (Under) Expenditures	(1,189,899)	(1,238,899)	315,642	1,554,541
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	603	603	603	0
Advances In	146,543	146,543	146,543	0
Advances Out	(176,543)	(176,543)	(176,543)	0
Transfers Out	(600,089)	(600,089)	(543,839)	56,250
Total Other Financing Sources (Uses)	(629,486)	(629,486)	(573,236)	56,250
Net Change in Fund Balance	(1,819,385)	(1,868,385)	(257,594)	1,610,791
Fund Balance Beginning of Year (Restated)	3,717,810	3,717,810	3,717,810	0
Prior Year Encumbrances Appropriated	464,069	464,069	464,069	0
Fund Balance End of Year	\$ 2,362,494	\$ 2,313,494	\$ 3,924,285	\$ 1,610,791

Port Clinton City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Scholarships	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 13,954	\$ 95,315
Liabilities		
Accounts Payable	0	5,541
Due to Students	0	89,774
<i>Total Liabilities</i>	0	\$ 95,315
Net Assets		
Held in Trust for Scholarships	13,954	
<i>Total Net Assets</i>	\$ 13,954	

The accompanying notes are an integral part of the financial statements.

Port Clinton City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2006

	Private Purpose Trust
	Scholarships
Addition	
Interest	\$ 577
Deduction	
Payments in Accordance with Trust Agreements	500
<i>Change in Net Assets</i>	77
<i>Net Assets Beginning of Year</i>	13,877
<i>Net Assets End of Year</i>	\$ 13,954

The accompanying notes are an integral part of the financial statements.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 1 – Description of the School District and Reporting Entity

Port Clinton City School District (the “School District”) is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established through the consolidation of existing land areas and school districts. The School District serves an area of approximately 44 square miles. It is located in Ottawa County, and includes all of the territory of the City of Port Clinton, Bay Township, Catawba Township, Erie Township, and Portage Township. It is staffed by 106 non-certificated employees and 153 certificated full-time teaching personnel that provide services to 1,815 students and other community members. The School District currently operates 6 instructional buildings, 1 administrative building, and 1 garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Port Clinton City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent of the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Based on the above description, there are no component units within the School District.

The following activities are included within the reporting entity:

Parochial Schools - Within the School District boundaries, the Immaculate Conception Catholic School is operated through the Toledo Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The money is recorded in the auxiliary fund under special revenue fund.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 1 – Description of the School District and Reporting Entity (Continued)

The School District is involved with the Bay Area Council of Governments, Vanguard-Sentinel Joint Vocational School, and Northern Ohio Educational Computer Association (NOECA), which are defined as jointly governed organizations. The School District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) and San-OH School Employees Welfare Benefit Association, which are defined as insurance purchasing pools. The Ida Rupp Public Library is a related organization of the School District. Additional information about these organizations is presented in Notes 15, 16 and 17 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

A. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental and fiduciary.

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

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

Debt Service Fund The debt service fund accounts for the accumulation of resources for and the payment of general obligation principal and interest.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Types Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trusts, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a scholarship program for students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds account for student activities.

B. Basis of Presentation

Government-wide Financial Statements The statement of net assets and statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relation between the government-wide statements and the statements to governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and 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 financial uses) of current financial resources.

The trust fund is reported using the economic resources measurement focus.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Data

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

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amount reported as the final budgeted amount in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from the prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in pooled cash and investments" on the balance sheet.

During fiscal year 2006, investments were limited to federal securities, STAR Ohio, repurchasing agreements and certificates of deposit.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2006. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$320,316, which includes \$183,004 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the balance sheet as "cash in segregated accounts" since they are not required to be deposited into the School District treasury. For presentation on the balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include unspent resources restricted for the purchase of buses and amounts required by state statute to be set aside to create a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

G. Prepaid Items

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

H. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories in governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

I. Deferred Charges

On the governmental fund statements, bond issuance costs are recorded as an expenditure when incurred. Bond issuance costs are reported as deferred and amortized over the term of the bonds using the straight-line method on the government-wide statements since the results are not significantly different from the effective interest method.

J. Bond Premiums

Bond premiums are recorded as other financing source on the governmental fund statements. On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable.

K. Capital Assets

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

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

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

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40 years
Furniture	10 years
Equipment	5 years
Vehicles	10 years

L. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlement and grants awarded on a non-reimbursement basis, are recorded as revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for fund operations are recognized as non-operating revenues in the accounting period in which they are carried and become measurable.

M. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the governmental columns of the statement of net assets. Interfund services provided and used are not eliminated in the process of consolidation.

N. Compensated Absences

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all classified and non-classified employees who are age fifty with at least ten years of service, or any age with twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Interfund Transactions

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

Q. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, prepaid items, property taxes, bus purchases and BWC refunds.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for BWC refunds represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

R. Net Assets

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

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

S. 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. Neither type of transaction occurred during 2006.

T. 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 may differ from those estimates.

Note 3 – New Accounting Principles and Restatement of Fund Balance/Net Assets

A. New Accounting Principles

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

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

The purpose of GABS Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

Statement No. 46 establishes that any amount of the primary government’s net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements. At June 30, 2006, none of the School District’s net assets were restricted by enabling legislation.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 3 – New Accounting Principles and Restatement of Net Assets (Continued)

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

The implementation of these GASB statements did not have an effect on the financial statements of the School District.

B. Restatement of Fund Balance/Net Assets

In the prior year, the general fund balance was overstated by \$1,183,937 on the budgetary basis statements. To correct for this error, the beginning fund balance has been restated as follows:

<u>Budget (Non-GAAP Basis) Fund Balance</u>	<u>General Fund</u>
Previously Reported Fund Balance at 06/30/05	\$ 4,901,747
Correction of Error	(1,183,937)
Restated Fund Balance at 07/01/05	<u>\$ 3,717,810</u>

In prior years the School District overstated capital assets and understated accumulated depreciation. As a result of this, capital assets were decreased in total by \$1,204,300.

Also, a correction was made for the refinancing of 2003 School Improvement Bonds for accretion on capital appreciation bonds, unamortized premium, refunding loss and deferred charges. A reduction to net assets was needed to account for the adjustment.

	<u>Governmental Activities</u>
Previously Reported Net Assets at 06/30/05	\$ 6,981,519
Change in Value of Capital Assets:	
Cost	(34,163)
Accumulated depreciation	(990,137)
Accretion on Capital Appreciation Bonds	(104,381)
Unamortized Premium on Refunding Bonds	(250,839)
Refunding Loss on Refunding Bonds	171,392
Deferred Charges on Refunding Bonds	79,447
Adjust Bonds Beginning Balance	(80,000)
Restated Net Assets at 07/01/05	<u>\$ 5,772,838</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 4 – Fund Deficits

Fund balances at June 30, 2006 included the following individual fund deficits:

	<u>Deficit</u>
Nonmajor Funds:	
Food Service	\$ 94,035
Local Professional Development	2
EMIS	21
Entry Level	39
Poverty Assistance	141
Title I	13,242
Title VI	23
Safe & Drug Free Schools	76
Improving Teacher Quality	335
	<u>\$ 107,914</u>

The deficits in those funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

Note 5 – Budgetary Basis of Accounting

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

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

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 5 – Budgetary Basis of Accounting (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	<u>General Fund</u>
GAAP Basis	\$ 373,588
Net Adjustment for Revenue Accruals	(151,793)
Advances In	146,543
Net Adjustment for Expenditure Accruals	(2,938)
Advances Out	(176,543)
Adjustments for Encumbrances	<u>(446,451)</u>
Budget Basis	<u><u>\$ (257,594)</u></u>

Note 6 – Deposits and Investments

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 6 – Deposits and Investments (Continued)

3. Written repurchase agreements for a period not to exceed 30 days in securities listed above that mature within five years from the date of settlement;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period of 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2006, the School District and public depositories complied with the provisions of these statutes.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 6 – Deposits and Investments (Continued)

At fiscal year end, the carrying amount of the School District’s deposits (excluding change funds of \$3,429) was \$4,784,043 and the bank balance was \$5,053,872. Of the bank balance, \$1,564,886 was covered by federal depository insurance and \$3,438,935 was uninsured, but collateralized with securities held by the pledging financial institution’s trust department or agent not in the School District’s name.

Investments

As of June 30, 2006, the School District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	More than 24 Months
STAROhio	\$ 743,245	\$ 743,245	\$ 0	\$ 0	\$ 0	\$ 0
FHLB	2,088,637	596,375	0	506,980	99,563	885,719
FNMA	197,312	0	0	0	0	197,312
FHLMC	160,179	0	0	0	0	160,179
Repurchase Agreement	63,347	63,347	0	0	0	0
Total Investments	<u>\$ 3,252,720</u>	<u>\$ 1,402,967</u>	<u>\$ 0</u>	<u>\$ 506,980</u>	<u>\$ 99,563</u>	<u>\$ 1,243,210</u>

Interest Rate Risk- The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. It is the School District’s policy to evaluate market conditions, interest rate forecasts, and cash flow requirements to consider the term of an investment, with the goal being to buy where relative value exists along the maturity spectrum.

Credit Risk- The School Districts’ investments in FHLB, FNMA and FHLMC were all rated AAA and Aaa by Standard & Poor’s Investor Services and Moody’s, Investor Services, respectively. STAROhio has been given an AAA rating by Standard & Poor’s. The repurchase agreement is unrated. The School District’s investment policy requires certain credit ratings for some investments as allowed by state law.

Concentration of Credit Risk- The School District’s investment policy is to be diversified in its holding of investments by avoiding concentrations of specific users. The following table includes the percentage total of each investment type held by the School District at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 743,245	23%
FHLB	2,088,637	64%
FNMA	197,312	6%
FHLMC	160,179	5%
Repurchase Agreement	63,347	2%
Total Investments	<u>\$ 3,252,720</u>	<u>100%</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 7 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Ottawa County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$1,882,910 in the general fund, \$110,909 in the debt service fund, and \$35,690 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2005, was \$1,807,895 in the general fund, \$122,620 in the debt service fund, and \$41,181 in the permanent improvement capital projects fund.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 7 – Property Taxes (Continued)

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which fiscal year 2006 taxes were collected are:

	2005 Second-Half Collections		2006 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	\$ 376,925,640	72%	\$ 389,132,740	74%
Other	90,817,920	17%	93,175,860	18%
Public Utilities	91,550	0%	92,030	0%
Tangible Personal Property:				
Personal	34,836,599	7%	26,774,456	5%
Public Utilities	18,393,800	4%	17,372,550	3%
Total Assessed Value	<u>\$ 521,065,509</u>	<u>100%</u>	<u>\$ 526,547,636</u>	<u>100%</u>
Tax rate per \$1,000 of assessed value	<u>\$ 62.20</u>		<u>\$ 60.40</u>	

Note 8 - Receivables

Receivables at June 30, 2006, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and accrued interest receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 9 – Capital Assets

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

	<u>Restated Balance 6/30/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2006</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 58,517	\$ 0	\$ 0	\$ 58,517
<i>Capital Asset, being depreciated:</i>				
Buildings and Improvements	9,372,625	0	0	9,372,625
Furniture, Equipment and Vehicles	4,430,365	100,962	(226,822)	4,304,505
Total Capital Assets, being depreciated:	<u>13,802,990</u>	<u>100,962</u>	<u>(226,822)</u>	<u>13,677,130</u>
Less Accumulated Depreciation:				
Building and Improvements	(6,629,087)	(110,986)	0	(6,740,073)
Furniture, Equipment and Vehicles	(3,767,467)	(175,169)	163,145	(3,779,491)
Total Accumulated Depreciation	<u>(10,396,554)</u>	<u>(286,155)</u>	<u>163,145</u>	<u>(10,519,564)</u>
Total Capital Assets being depreciated, net	<u>3,406,436</u>	<u>(185,193)</u>	<u>(63,677)</u>	<u>3,157,566</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,464,953</u>	<u>\$ (185,193)</u>	<u>\$ (63,677)</u>	<u>\$ 3,216,083</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 267,285
Support Services:	
Operation and Maintenance	5,393
Public Transportation	10,928
Operations of Non-Instructional Services:	
Food Service Operations	1,487
Community Services	1,062
	<u>\$ 286,155</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 10 – Risk Management

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2006, the School District has entered into contracts with various insurance agencies for various insurance.

The following is a list of all insurance coverage of the School District and the deductibles associated with each:

<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Building and Contents	\$ 57,044,665	\$ 1,000
Extra expenses	1,000,000	0
Money and Securities	15,000	250
Non-bus vehicles		
- liability - bodily injury	(a)	0
- liability - property damage	(a)	0
- uninsured Motorists	1,000,000	0
Physical damage	cash value	0
Bus vehicles		
- liability	2,000,000	0
-uninsured motorists	1,000,000	0

(a) Non-bus vehicle liability insurance is limited to \$6,000,000 under the umbrella in the aggregate and \$1,000,000 per incident.

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the School District did not significantly reduce their limits of liability during the year.

All employees of the School District are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

B. Workers' Compensation

The School District joined together with other governments to form the Ohio School Board Association Worker's Compensation Group Rating Program, a public entity currently operating as a common risk management and insurance program for workers' compensation. The School District pays an annual premium to the pool for its workers compensation coverage. See Note 15 for further description.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 10 – Risk Management (Continued)

C. Employee Health Insurance

The School District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The School District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$100,000 and aggregate claims in excess of 120 percent of expected claims.

Note 11 – Pension Plans

A. School Employees Retirement System of Ohio

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 E. Broad Street, Columbus, Ohio 43215 or by calling toll free 800-878-5853. It is also posted on SERS' website, www.ohsers.org under forms and publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2006, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$431,952, \$435,960 and \$430,368, respectively; 49 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$218,580 representing the unpaid contribution for fiscal year 2006, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The Port Clinton City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling 614-227-409 or by visiting the STRS website at www.strsoh.org.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 11 – Pension Plans (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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members were required to contribute 10 percent of their annual covered salaries and the School District was required to contribute 14 percent. 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,169,688, \$1,175,640 and \$1,208,216; 82 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$210,416 represents the unpaid contributions for fiscal year 2006 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2006, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 12 – Postemployment Benefits

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

All retirees of the DC and combined plan and their dependents are eligible for health care coverage.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006 the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$83,549 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the year ended June 30, 2006 employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credits. For fiscal year ended June 30, 2005, the minimum pay was established at \$27,400. For the School District, the amount to fund health care benefits, including surcharge, during 2006 fiscal year equaled \$149,755.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for the maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Net expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168 percent of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient in the long-term to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has approximately 58,123 participants currently receiving health care benefits.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 13 – Other Employee Benefits

A. Sick Leave

Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave is cumulative to two hundred fifty-five (255) days.

B. Service Retirement

Certified Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Severance payment is based on the total number of days of unused sick leave, up to a maximum of 255 days, multiplied by 1/4 (.25) and then that number will be multiplied by the daily rate the teacher is currently receiving to determine the total severance pay. Employees must have ten years service with the State of Ohio Retirement system.

Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the non-certified employee's accrued but unused sick leave days at the time of retirement of which payment is based on the first thirty-six (36) days at the employee's per diem rate and from the thirty-seventh (37) day on, the employee shall be paid at ten percent (10%) of his/her per diem rate. Employees must have ten years service with the State of Ohio Retirement system.

Secretaries are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the secretaries' accrued but unused sick leave days at the time of retirement of which payment is based on the total number of days of unused sick leave, up to a maximum of 255 days will be multiplied by 1/4 (.25) and then that number will be multiplied by the daily rate the secretary is currently receiving to determine the total severance pay.

Administrative employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the administrative employee's accrued but unused sick leave days at the time of retirement of which payment is based on the total number of days of unused sick leave, up to a maximum of 255 days will be multiplied by 1/4 (.25) and then that number will be multiplied by the daily rate the administrator/supervisor is currently receiving to determine the total severance pay. Daily rate will be determined by dividing the total administrative salary plus longevity by 184 days.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 13 – Other Employee Benefits (Continued)

C. Vacation

The following scales are used to determine vacation leave for employees according to classifications:

(12) month administrators:

0-3 years	Two Weeks
4-7 years	Three Weeks
8 or more years	Four Weeks

Classified employees:

1-7 years	Two Weeks
8-12 years	Three Weeks
13-14 years	Four Weeks
15 or more years	Five Weeks

Secretaries:

1-10 years	Two Weeks
15 years	Three Weeks
After 15 years	Four Weeks

The Superintendent and Treasurer's vacation leave are determined through negotiated agreements.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 14 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2006 were as follows:

	Restated Amount Outstanding 6/30/2005	Additions	Deductions	Amount Outstanding 6/30/2006	Amount Due in One Year
<i>Governmental Activities</i>					
General Obligation Bonds:					
2003 School Improvement					
Refunding Bonds:					
Serial Bonds-\$3,960,000 - 2.00%-3.15%	\$ 3,320,000	\$ 0	\$ (650,000)	\$ 2,670,000	\$ 660,000
Capital Appreciation Bonds	314,994	0	0	314,994	0
Accretion on Capital					
Appreciation Bonds	104,381	61,683	0	166,064	0
Unamortized Premium	250,839	(35,834)	0	215,005	0
Refunding Loss	(171,392)	24,485	0	(146,907)	0
	<u>3,818,822</u>	<u>50,334</u>	<u>(650,000)</u>	<u>3,219,156</u>	<u>660,000</u>
House Bill Notes					
11/28/02 4.250%	<u>1,141,400</u>	<u>0</u>	<u>(94,000)</u>	<u>1,047,400</u>	<u>94,000</u>
Total Long-Term Debt	4,960,222	50,334	(744,000)	4,266,556	754,000
Compensated Absences	<u>792,265</u>	<u>573,416</u>	<u>(113,002)</u>	<u>1,252,679</u>	<u>162,944</u>
Total Governmental Activities	<u>\$ 5,752,487</u>	<u>\$ 623,750</u>	<u>\$ (857,002)</u>	<u>\$ 5,519,235</u>	<u>\$ 916,944</u>

General obligation bonds and notes will be paid from property tax revenues in the debt service fund.

Compensated absences will be paid from the funds from which the employees’ salaries are paid. In prior years this has primarily been the general fund.

The voted legal debt margin for the School District was \$47,001,235 with an unvoted debt margin of \$526,548 at June 30, 2006.

2003 School Improvement Refunding General Obligation Bonds

On September 15, 2003, the School District issued \$4,274,994 of general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$3,960,000 and \$314,994, respectively. The bonds refunded \$4,466,111 of outstanding 1989 School Improvement General Obligation Bonds and 1993 Library Bonds. The bonds were issued for an eight -year period with final maturity at December 1, 2011. At the date of refunding, \$4,470,871 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 14 – Long-Term Obligations (Continued)

These refunding bonds were issued with a premium of \$286,673, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2006 was \$35,834. The issuance costs of \$99,796 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2006 was \$11,350. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$195,877. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2006 was \$24,485.

The capital appreciation bonds mature December 1, 2008. These bonds were purchased at a substantial discount at the time of issuance. At maturity, all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$670,000. For fiscal year 2006, the accretion amount was \$61,683.

In 2002, the District issued \$1,376,400 in House Bill Notes. The Notes mature in May 2017. The purpose of the House Bill 264 Note, was to renovate the high school to produce savings in energy costs.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2006 are:

Year	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 660,000	\$ 58,450	\$ 0	\$ 0
2008	665,000	42,200	0	0
2009	0	38,550	314,994	355,006
2010	585,000	30,945	0	0
2011	600,000	14,190	0	0
2012-2016	160,000	2,520	0	0
2017	0	0	0	0
	<u>\$ 2,670,000</u>	<u>\$ 186,855</u>	<u>\$ 314,994</u>	<u>\$ 355,006</u>
Year	House Bill Notes		Totals	
	Principal	Interest	Principal	Interest
2007	\$ 94,000	\$ 45,665	\$ 754,000	\$ 104,115
2008	94,000	41,492	759,000	83,692
2009	94,000	37,318	408,994	430,874
2010	94,000	33,145	679,000	64,090
2011	94,000	28,970	694,000	43,160
2012-2016	478,000	82,085	638,000	84,605
2017	99,400	3,463	99,400	3,463
	<u>\$ 1,047,400</u>	<u>\$ 272,138</u>	<u>\$ 4,032,394</u>	<u>\$ 813,999</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 15 – Public Entity Risk Pools

A. Insurance Purchasing Pool

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP.

The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates, McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

B. Risk Sharing Pool

The School District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott Consortium, Jay Valasek, Treasurer of Vanguard-Sentinel Vocational Schools, at 1306 Cedar Street, Fremont, Ohio 43420.

Note 16 – Jointly Governed Organizations

Bay Area Council of Governments

The Bay Area Council of Governments is a jointly governed organization. Members of the organization consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The jointly governed organization was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments is natural gas and insurance. The only cost to the district is an administrative charge if they participate in purchasing through the council. The Bay Area Council of Governments consists of the superintendent of each school district. The Board of Directors of the Bay Area Council of Governments consists of one elected representative of each county and the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal agent). Members of the Board serve two-year terms which are staggered. Financial information can be obtained by contacting Betty Schwiefert, who serves as fiscal agent, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 16 – Jointly Governed Organizations (Continued)

Vanguard-Sentinel Joint Vocational School

The Vanguard-Sentinel Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of two representatives from Fremont City Schools and one representative from the Port Clinton City School District and each of the other twelve participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to Vanguard-Sentinel Joint Vocational School, Jay Valasek, Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a computer consortium. It is comprised of thirty-eight area school districts. The association was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in ratio proportionate to their last twelve months financial contributions. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Note 17 – Related Organization

Ida Rupp Public Library

The library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The trustees are appointed by the Port Clinton Board of Education. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the school district for operational subsidies.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 School District at June 30, 2006.

B. Litigation

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

Note 19 – Set-Aside Requirements

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2006, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

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

	Textbooks	Capital Improvement	BWC Refunds	Total
Set-Aside Reserve Balance as of June 30, 2005	\$ (234,698)	\$ 0	\$ 86,386	\$ (148,312)
Current Year Set-Aside Requirement	258,049	258,049	0	516,098
Qualifying Disbursements	(731,105)	(416,171)	0	(1,147,276)
Totals	<u>\$ (707,754)</u>	<u>\$ (158,122)</u>	<u>\$ 86,386</u>	<u>\$ (779,490)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,386</u>	<u>\$ 86,386</u>
Set-aside Reserve Balance as of June 30, 2006	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,386</u>	<u>\$ 86,386</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2006

Note 20 – Interfund Transactions

A. Interfund Balances

The interfund receivable/payable consisted of the following at June 30, 2006, as reported on the fund financial statements:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 45,000	\$ 0
Other Governmental Fund:		
Food Service	0	45,000
Total	<u>\$ 45,000</u>	<u>\$ 45,000</u>

The primary purpose of the interfund balance is to cover costs where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received.

B. Interfund Transfers

The interfund transfers consisted of the following at June 30, 2006, as reported on the fund financial statements:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 549,031	\$ 0
Debt Service	0	143,839
Other Governmental Funds:		
Athletics	0	506
Public School Support	246	0
Creating the Writing Workshop	260	0
Severance Retirement	0	400,000
Poverty Assistance	4,393	0
DPIA	0	4,393
School Improvement	0	2,935
Title II	0	3
Title II-D	0	2,254
Total	<u>\$ 553,930</u>	<u>\$ 553,930</u>

Transfers are used to 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 use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close funds that are no longer required.

Port Clinton City School District

Combining Statements – Nonmajor Funds **Nonmajor Special Revenue Funds**

Special Revenue Funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the School District's special revenue funds follows:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the School District.

Special Trust Fund – This fund accounts for monies used for purposes that are beneficial to the overall operation of the School District.

Performing Arts Center Fund – This fund accounts for the activities related to use of Port Clinton High School's Performing Arts Center by the public.

Public School Support Fund – This fund accounts for school site sales revenue and expenditures for field trips, assemblies, and other activity costs.

Local Grants Fund – This fund accounts for proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specific purposes.

Champions for Children Fund – This fund accounts for the after school and summer enrichment program provided to children age six through sixth grade.

Severance Retirement Fund – This fund accounts for amounts due retiring staff for severance and buy-out provisions of the negotiated agreements.

Athletic and Music Fund – This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's athletic program and transportation of the band to and from athletic events.

Auxiliary Services Fund – This fund accounts for monies used to provide services and materials to pupils attending non-public schools within the District

Local Professional Development Fund – This fund accounts for state monies in support of locally developed professional development programs.

Educational Management Information Systems Fund – This fund accounts for state monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

Public School Preschool Fund – This fund accounts for state monies used to assist the School District by paying the cost of preschool programs for three and four year olds.

Entry-Level Fund – This fund accounts for stipends given to the mentor teachers.

Data Communications Fund – This fund accounts for state monies received to provide Ohio Educational Computer Network Connections.

Port Clinton City School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

(Continued)

Disadvantaged Pupil Impact Aid Fund – This fund accounts for state monies received for disadvantaged pupils.

Ohio K-12 Network Subsidy Fund – This fund accounts for state monies received to provide Ohio Educational Computer Network Connections.

Ohio Reads Volunteer Grant Fund – This fund accounts for state monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Reading Intervention Fund – This fund accounts for state monies provided to improve reading outcomes for students in first to fourth grade.

Poverty-Based Assistance Fund – This fund is used to account for monies appropriated for poverty-based assistance as part of the state foundation system. Programs include academic intervention, all-day kindergarten, class-size reduction, limited English proficient students, professional development, dropout prevention, and community outreach.

Extended Learning Fund – This fund accounts for funds received from the state agencies that are used for development of basic educational skills and increase of opportunities for useful employment.

IDEA Part VIB – This fund accounts for federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title I Fund – This fund accounts for federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Title VI Fund – This fund accounts for federal monies which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Drug Free Schools Grant Fund – This fund accounts for federal monies which support the implementation of programs for drug abuse education and prevention.

Title IIA – Improving Teacher Quality – This fund accounts for federal monies used to reduce class sizes in elementary schools.

Technology Grants Fund – This fund is used to purchase technology equipment and software for the School District.

Port Clinton City School District

Nonmajor Capital Projects Funds

Capital projects funds account for the acquisition, construction or improvement of capital facilities.

Permanent Improvement Fund – This fund accounts for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5707, Revised Code.

SchoolNet Plus Fund – This fund accounts for state monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Port Clinton City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 812,328	\$ 194,505	\$ 1,006,833
Cash and Cash Equivalents in Segregated Accounts	4,201	0	4,201
Taxes Receivable	0	264,760	264,760
Inventory Held for Resale	6,457	0	6,457
Materials and Supplies Inventory	1,720	0	1,720
Prepaid Items	8,783	0	8,783
<i>Total Assets</i>	<u>\$ 833,489</u>	<u>\$ 459,265</u>	<u>\$ 1,292,754</u>
Liabilities			
Accounts Payable	\$ 16,365	\$ 0	\$ 16,365
Accrued Wages and Benefits	62,618	0	62,618
Interfund Payable	45,000	0	45,000
Intergovernmental Payable	37,252	0	37,252
Deferred Revenue	0	229,070	229,070
<i>Total Liabilities</i>	<u>161,235</u>	<u>229,070</u>	<u>390,305</u>
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	119,276	35,254	154,530
Reserved for Prepaid Items	8,783	0	8,783
Reserved for Property Taxes	0	35,690	35,690
Unreserved:			
Undesignated Reported In:			
Special Revenue Funds	544,195	0	544,195
Capital Projects Funds	0	159,251	159,251
<i>Total Fund Balances</i>	<u>672,254</u>	<u>230,195</u>	<u>902,449</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 833,489</u>	<u>\$ 459,265</u>	<u>\$ 1,292,754</u>

Port Clinton City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$ 0	\$ 251,871	\$ 251,871
Intergovernmental	1,492,860	27,279	1,520,139
Interest	5,429	405	5,834
Tuition and Fees	38,890	0	38,890
Extracurricular Activities	133,782	0	133,782
Gifts and Donations	48,960	0	48,960
Customer Sales and Services	438,482	0	438,482
Miscellaneous	3,204	0	3,204
<i>Total Revenues</i>	<u>2,161,607</u>	<u>279,555</u>	<u>2,441,162</u>
Expenditures			
Current:			
Instruction:			
Regular	552,895	0	552,895
Special	497,484	0	497,484
Support Services:			
Pupils	228,256	0	228,256
Instructional Staff	5,811	0	5,811
Administration	82,811	0	82,811
Fiscal	14,875	3,074	17,949
Operation and Maintenance of Plant	39,152	3	39,155
Pupil Transportation	12,941	0	12,941
Central	36,686	0	36,686
Operation of Non-Instructional Services:			
Food Service Operations	729,137	0	729,137
Community Services	120,209	0	120,209
Extracurricular Activities	160,536	0	160,536
Capital Outlay	8,116	206,802	214,918
<i>Total Expenditures</i>	<u>2,488,909</u>	<u>209,879</u>	<u>2,698,788</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(327,302)	69,676	(257,626)
Other Financing Sources (Uses)			
Transfers In	410,091	0	410,091
Transfers Out	(4,899)	0	(4,899)
<i>Total Other Financing Sources (Uses)</i>	<u>405,192</u>	<u>0</u>	<u>405,192</u>
<i>Net Change in Fund Balances</i>	77,890	69,676	147,566
<i>Fund Balances Beginning of Year</i>	<u>594,364</u>	<u>160,519</u>	<u>754,883</u>
<i>Fund Balances End of Year</i>	<u>\$ 672,254</u>	<u>\$ 230,195</u>	<u>\$ 902,449</u>

Port Clinton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Food Service Fund	Special Trust Fund	Performing Arts Center Fund	Public School Support Fund
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,928	\$ 473	\$ 376	\$ 115,824
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Prepaid Items	4,839	0	0	0
Inventory Held for Resale	6,457	0	0	0
Materials and Supplies Inventory	1,720	0	0	0
<i>Total Assets</i>	<u>\$ 17,944</u>	<u>\$ 473</u>	<u>\$ 376</u>	<u>\$ 115,824</u>
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,023
Accrued Wages and Benefits	38,579	0	0	0
Interfund Payable	45,000	0	0	0
Intergovernmental Payable	28,400	0	0	0
<i>Total Liabilities</i>	<u>111,979</u>	<u>0</u>	<u>0</u>	<u>1,023</u>
Fund Balances				
Fund Balance:				
Reserved for Encumbrances	4,164	0	0	8,720
Reserved for Prepaid Items	4,839	0	0	0
Unreserved:				
Undesignated Reported In:				
Special Revenue Funds	(103,038)	473	376	106,081
<i>Total Fund Balances</i>	<u>(94,035)</u>	<u>473</u>	<u>376</u>	<u>114,801</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 17,944</u>	<u>\$ 473</u>	<u>\$ 376</u>	<u>\$ 115,824</u>

<u>Local Grants Fund</u>	<u>Champions for Children Fund</u>	<u>Severance Retirement Fund</u>	<u>Athletics and Music Fund</u>	<u>Auxiliary Services Fund</u>	<u>Local Professional Development Fund</u>	<u>Educational Management Information Systems Fund</u>
\$ 24,495	\$ 100,145	\$ 419,514	\$ 36,999	\$ 13,402	\$ 0	\$ 0
0	0	0	4,201	0	0	0
0	0	0	392	251	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 24,495</u>	<u>\$ 100,145</u>	<u>\$ 419,514</u>	<u>\$ 41,592</u>	<u>\$ 13,653</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 460	\$ 0	\$ 861	\$ 6,115	\$ 0	\$ 0
0	0	0	0	6,229	0	0
0	0	0	0	0	0	0
0	3,844	1,557	7	314	2	21
0	4,304	1,557	868	12,658	2	21
937	5,464	0	9,508	7,287	0	0
0	0	0	392	251	0	0
<u>23,558</u>	<u>90,377</u>	<u>417,957</u>	<u>30,824</u>	<u>(6,543)</u>	<u>(2)</u>	<u>(21)</u>
<u>24,495</u>	<u>95,841</u>	<u>417,957</u>	<u>40,724</u>	<u>995</u>	<u>(2)</u>	<u>(21)</u>
<u>\$ 24,495</u>	<u>\$ 100,145</u>	<u>\$ 419,514</u>	<u>\$ 41,592</u>	<u>\$ 13,653</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Port Clinton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2006

	Public School Preschool Fund	Entry Level Fund	Data Communications Fund	SchoolNet Professional Development Fund
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,216	\$ 0	\$ 361	\$ 842
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Prepaid Items	0	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$ 1,216</u>	<u>\$ 0</u>	<u>\$ 361</u>	<u>\$ 842</u>
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	101	39	0	0
<i>Total Liabilities</i>	<u>101</u>	<u>39</u>	<u>0</u>	<u>0</u>
Fund Balances				
Fund Balance:				
Reserved for Encumbrances	1,197	0	361	842
Reserved for Prepaid Items	0	0	0	0
Unreserved:				
Undesignated Reported In:				
Special Revenue Funds	(82)	(39)	0	0
<i>Total Fund Balances</i>	<u>1,115</u>	<u>(39)</u>	<u>361</u>	<u>842</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,216</u>	<u>\$ 0</u>	<u>\$ 361</u>	<u>\$ 842</u>

Ohio Reads Grant Fund	Poverty Assistance Fund	Extended Learning Fund	Title VI-B Fund	Title I Fund	Title VI Fund
\$ 2,791	\$ 0	\$ 5,073	\$ 84,361	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	1,582	1,719	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 2,791</u>	<u>\$ 0</u>	<u>\$ 5,073</u>	<u>\$ 85,943</u>	<u>\$ 1,719</u>	<u>\$ 0</u>
\$ 1,741	\$ 0	\$ 0	\$ 6,165	\$ 0	\$ 0
0	0	0	3,690	14,120	0
0	0	0	0	0	0
164	141	0	1,387	841	23
<u>1,905</u>	<u>141</u>	<u>0</u>	<u>11,242</u>	<u>14,961</u>	<u>23</u>
1,050	0	0	78,218	1,528	0
0	0	0	1,582	1,719	0
<u>(164)</u>	<u>(141)</u>	<u>5,073</u>	<u>(5,099)</u>	<u>(16,489)</u>	<u>(23)</u>
<u>886</u>	<u>(141)</u>	<u>5,073</u>	<u>74,701</u>	<u>(13,242)</u>	<u>(23)</u>
<u>\$ 2,791</u>	<u>\$ 0</u>	<u>\$ 5,073</u>	<u>\$ 85,943</u>	<u>\$ 1,719</u>	<u>\$ 0</u>

(Continued)

Port Clinton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2006

	Drug Free Schools Grant Fund	Improving Teacher Quality Fund	Technology Grants Fund	Totals
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0	\$ 1,528	\$ 812,328
Cash and Cash Equivalents in Segregated Accounts	0	0	0	4,201
Prepaid Items	0	0	0	8,783
Inventory Held for Resale	0	0	0	6,457
Materials and Supplies Inventory	0	0	0	1,720
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,528</u>	<u>\$ 833,489</u>
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 16,365
Accrued Wages and Benefits	0	0	0	62,618
Interfund Payable	0	0	0	45,000
Intergovernmental Payable	76	335	0	37,252
<i>Total Liabilities</i>	<u>76</u>	<u>335</u>	<u>0</u>	<u>161,235</u>
Fund Balances				
Fund Balance:				
Reserved for Encumbrances	0	0	0	119,276
Reserved for Prepaid Items	0	0	0	8,783
Unreserved:				
Undesignated Reported In:				
Special Revenue Funds	(76)	(335)	1,528	544,195
<i>Total Fund Balances</i>	<u>(76)</u>	<u>(335)</u>	<u>1,528</u>	<u>672,254</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,528</u>	<u>\$ 833,489</u>

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

	Food Service Fund	Special Trust Fund	Performing Arts Center Fund	Public School Support Fund
Revenues				
Intergovernmental	\$ 298,730	\$ 0	\$ 0	\$ 0
Interest	1,038	3	0	0
Tuition and Fees	0	0	0	38,890
Extracurricular Activities	0	0	0	8,237
Gifts and Donations	0	884	0	4,575
Customer Sales and Services	333,304	0	0	0
Miscellaneous	0	0	0	934
<i>Total Revenues</i>	<u>633,072</u>	<u>887</u>	<u>0</u>	<u>52,636</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	22,768
Special	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	1,241
Administration	0	0	0	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	729,077	0	0	0
Community Services	0	926	0	0
Extracurricular Activities	0	0	0	37,340
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>729,077</u>	<u>926</u>	<u>0</u>	<u>61,349</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(96,005)</u>	<u>(39)</u>	<u>0</u>	<u>(8,713)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	(246)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(246)</u>
<i>Net Change in Fund Balances</i>	(96,005)	(39)	0	(8,959)
<i>Fund Balances Beginning of Year</i>	<u>1,970</u>	<u>512</u>	<u>376</u>	<u>123,760</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ (94,035)</u>	<u>\$ 473</u>	<u>\$ 376</u>	<u>\$ 114,801</u>

Local Grants Fund	Champions for Children Fund	Severance Retirement Fund	Athletics and Music Fund	Auxiliary Services Fund	Local Professional Development Fund	Educational Management Information Systems Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,547	\$ 0	\$ 6,007
124	3,703	0	0	561	0	0
0	0	0	0	0	0	0
0	0	0	125,545	0	0	0
16,315	16,635	0	10,551	0	0	0
0	105,178	0	0	0	0	0
0	2,270	0	0	0	0	0
<u>16,439</u>	<u>127,786</u>	<u>0</u>	<u>136,096</u>	<u>76,108</u>	<u>0</u>	<u>6,007</u>
17,353	63,472	215,541	0	0	0	0
0	0	0	0	0	0	0
406	24,151	0	0	0	0	0
2,503	0	0	0	0	895	0
0	28,837	0	0	0	0	0
0	0	0	0	0	0	2,722
0	264	29,607	0	0	0	0
0	582	0	0	0	0	0
0	0	0	0	0	0	0
0	60	0	0	0	0	0
2,922	3,348	0	0	85,698	0	3,268
0	0	0	123,196	0	0	0
8,116	0	0	0	0	0	0
<u>31,300</u>	<u>120,714</u>	<u>245,148</u>	<u>123,196</u>	<u>85,698</u>	<u>895</u>	<u>5,990</u>
<u>(14,861)</u>	<u>7,072</u>	<u>(245,148)</u>	<u>12,900</u>	<u>(9,590)</u>	<u>(895)</u>	<u>17</u>
0	0	400,000	506	0	0	0
(260)	0	0	0	0	0	0
<u>(260)</u>	<u>0</u>	<u>400,000</u>	<u>506</u>	<u>0</u>	<u>0</u>	<u>0</u>
(15,121)	7,072	154,852	13,406	(9,590)	(895)	17
<u>39,616</u>	<u>88,769</u>	<u>263,105</u>	<u>27,318</u>	<u>10,585</u>	<u>893</u>	<u>(38)</u>
<u>\$ 24,495</u>	<u>\$ 95,841</u>	<u>\$ 417,957</u>	<u>\$ 40,724</u>	<u>\$ 995</u>	<u>\$ (2)</u>	<u>\$ (21)</u>

(Continued)

Port Clinton City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2006

	Public School Preschool Fund	Entry Level Fund	Disadvantaged Pupil Impact Aid Fund	Data Communications Fund
Revenues				
Intergovernmental	\$ 104,895	\$ 4,800	\$ 4,549	\$ 18,000
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Customer Sales and Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>104,895</u>	<u>4,800</u>	<u>4,549</u>	<u>18,000</u>
Expenditures				
Current:				
Instruction:				
Regular	37,910	4,804	0	0
Special	0	0	0	0
Support Services:				
Pupils	13,613	0	0	0
Instructional Staff	1,000	0	0	0
Administration	0	0	0	0
Fiscal	12,153	0	0	0
Operation and Maintenance of Plant	9,281	0	0	0
Pupil Transportation	12,359	0	0	0
Central	19,047	0	0	17,639
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Community Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>105,363</u>	<u>4,804</u>	<u>0</u>	<u>17,639</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(468)</u>	<u>(4)</u>	<u>4,549</u>	<u>361</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	(4,393)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(4,393)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(468)	(4)	156	361
<i>Fund Balances Beginning of Year</i>	<u>1,583</u>	<u>(35)</u>	<u>(156)</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 1,115</u>	<u>\$ (39)</u>	<u>\$ 0</u>	<u>\$ 361</u>

SchoolNet Professional Development Fund	Ohio Reads Grant Fund	Reading Intervention Fund	Poverty Assistance Fund	Extended Learning Fund	Title VI-B Fund	Title I Fund
\$ 3,925	\$ 46,378	\$ 0	\$ 30,751	\$ 490	\$ 503,425	\$ 267,849
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,925	46,378	0	30,751	490	503,425	267,849
5,173	45,167	10,759	18,612	0	0	0
0	0	0	0	0	215,722	281,762
0	0	0	16,673	0	152,677	0
0	0	0	0	172	0	0
0	0	0	0	0	53,974	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	255	0	0	489	14,855	7,948
0	0	0	0	0	0	0
0	0	0	0	0	0	0
5,173	45,422	10,759	35,285	661	437,228	289,710
(1,248)	956	(10,759)	(4,534)	(171)	66,197	(21,861)
0	0	0	4,393	2,935	0	0
0	0	0	0	0	0	0
0	0	0	4,393	2,935	0	0
(1,248)	956	(10,759)	(141)	2,764	66,197	(21,861)
2,090	(70)	10,759	0	2,309	8,504	8,619
\$ 842	\$ 886	\$ 0	\$ (141)	\$ 5,073	\$ 74,701	\$ (13,242)

(Continued)

Port Clinton City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2006

	Title VI Fund	Drug Free Schools Grant Fund	Improving Teacher Quality Fund	Technology Grants Fund	Totals
Revenues					
Intergovernmental	\$ 5,640	\$ 9,340	\$ 107,661	\$ 4,873	\$ 1,492,860
Interest	0	0	0	0	5,429
Tuition and Fees	0	0	0	0	38,890
Extracurricular Activities	0	0	0	0	133,782
Gifts and Donations	0	0	0	0	48,960
Customer Sales and Services	0	0	0	0	438,482
Miscellaneous	0	0	0	0	3,204
<i>Total Revenues</i>	<u>5,640</u>	<u>9,340</u>	<u>107,661</u>	<u>4,873</u>	<u>2,161,607</u>
Expenditures					
Current:					
Instruction:					
Regular	9,216	0	97,623	4,497	552,895
Special	0	0	0	0	497,484
Support Services:					
Pupils	0	9,416	11,320	0	228,256
Instructional Staff	0	0	0	0	5,811
Administration	0	0	0	0	82,811
Fiscal	0	0	0	0	14,875
Operation and Maintenance of Plant	0	0	0	0	39,152
Pupil Transportation	0	0	0	0	12,941
Central	0	0	0	0	36,686
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	0	729,137
Community Services	500	0	0	0	120,209
Extracurricular Activities	0	0	0	0	160,536
Capital Outlay	0	0	0	0	8,116
<i>Total Expenditures</i>	<u>9,716</u>	<u>9,416</u>	<u>108,943</u>	<u>4,497</u>	<u>2,488,909</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,076)</u>	<u>(76)</u>	<u>(1,282)</u>	<u>376</u>	<u>(327,302)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	3	2,254	410,091
Transfers Out	0	0	0	0	(4,899)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>3</u>	<u>2,254</u>	<u>405,192</u>
<i>Net Change in Fund Balances</i>	(4,076)	(76)	(1,279)	2,630	77,890
<i>Fund Balances Beginning of Year</i>	<u>4,053</u>	<u>0</u>	<u>944</u>	<u>(1,102)</u>	<u>594,364</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ (23)</u>	<u>\$ (76)</u>	<u>\$ (335)</u>	<u>\$ 1,528</u>	<u>\$ 672,254</u>

Port Clinton City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2006

	Permanent Improvement Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 194,505
Taxes Receivable	264,760
<i>Total Assets</i>	\$ 459,265
 Liabilities	
Deferred Revenue	\$ 229,070
 Fund Balances	
Fund Balance:	
Reserved for Encumbrances	35,254
Reserved for Property Taxes	35,690
Unreserved:	
Undesignated	
Capital Projects Funds	159,251
<i>Total Fund Balances</i>	230,195
<i>Total Liabilities and Fund Balances</i>	\$ 459,265

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

	Permanent Improvement Fund
Revenues	
Property Taxes	\$ 251,871
Intergovernmental	27,279
Interest	405
<i>Total Revenues</i>	279,555
Expenditures	
Current:	
Support Services	
Fiscal	3,074
Operation and Maintenance of Plant	3
Capital Outlay	206,802
<i>Total Expenditures</i>	209,879
<i>Net Change in Fund Balances</i>	69,676
<i>Fund Balance Beginning of Year</i>	160,519
<i>Fund Balances End of Year</i>	\$ 230,195

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 235,147	\$ 235,147	\$ 235,147	\$ 0
Interest	1,038	1,038	1,038	0
Customer Sales and Services	328,333	328,333	328,333	0
<i>Total Revenues</i>	<u>564,518</u>	<u>564,518</u>	<u>564,518</u>	<u>0</u>
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations				
Salaries	267,211	267,211	267,174	37
Fringe Benefits	101,381	101,381	101,381	0
Purchased Services	2,730	2,730	2,730	0
Materials and Supplies	235,065	235,065	232,338	2,727
Other	750	750	618	132
<i>Total Expenditures</i>	<u>607,137</u>	<u>607,137</u>	<u>604,241</u>	<u>2,896</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(42,619)</u>	<u>(42,619)</u>	<u>(39,723)</u>	<u>2,896</u>
Other Financing Sources (Uses)				
Transfers In	80,057	80,057	0	(80,057)
Advances In	0	0	110,057	110,057
Advances Out	0	0	(80,057)	(80,057)
<i>Total Other Financing Sources (Uses)</i>	<u>80,057</u>	<u>80,057</u>	<u>30,000</u>	<u>(50,057)</u>
<i>Net Change in Fund Balance</i>	37,438	37,438	(9,723)	(47,161)
<i>Fund Balance (Deficit) Beginning of Year</i>	4,655	4,655	4,655	0
Prior Year Encumbrances Appropriated	5,828	5,828	5,828	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 47,921</u>	<u>\$ 47,921</u>	<u>\$ 760</u>	<u>\$ (47,161)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Gifts and Donations	\$ 884	\$ 884	\$ 884	\$ 0
Interest	3	3	3	0
<i>Total Revenues</i>	<u>887</u>	<u>887</u>	<u>887</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular				
Capital Outlay	<u>50</u>	<u>50</u>	<u>0</u>	<u>50</u>
Operation of Non-Instructional Services:				
Community Services				
Other	<u>1,300</u>	<u>1,300</u>	<u>926</u>	<u>374</u>
<i>Total Expenditures</i>	<u>1,350</u>	<u>1,350</u>	<u>926</u>	<u>424</u>
<i>Net Change in Fund Balance</i>	(463)	(463)	(39)	424
<i>Fund Balance Beginning of Year</i>	<u>513</u>	<u>513</u>	<u>513</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 474</u>	<u>\$ 424</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Performing Arts Center Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Support Services:				
Instructional Staff				
Capital Outlay Replacement	\$ 375	\$ 375	\$ 0	\$ 375
<i>Net Change in Fund Balance</i>	(375)	(375)	0	375
<i>Fund Balance Beginning of Year</i>	375	375	375	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 375</u>	<u>\$ 375</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Tuition and Fees	\$ 38,890	\$ 38,890	\$ 38,890	\$ 0
Extracurricular Activities	8,237	8,237	8,237	0
Gifts and Donations	4,575	4,575	4,575	0
Miscellaneous	934	934	934	0
<i>Total Revenues</i>	<u>52,636</u>	<u>52,636</u>	<u>52,636</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular				
Materials and Supplies	34,048	34,048	26,026	8,022
Other	1,159	1,159	1,089	70
Total - Instruction:	<u>35,207</u>	<u>35,207</u>	<u>27,115</u>	<u>8,092</u>
Support Services:				
Instructional Staff				
Materials and Supplies	1,073	1,073	30	1,043
Capital Outlay	1,567	1,567	1,211	356
Total Support Services:	<u>2,640</u>	<u>2,640</u>	<u>1,241</u>	<u>1,399</u>
Extracurricular Activities				
Academic Oriented Activities				
Purchased Services	2,747	2,747	1,873	874
Materials and Supplies	25,492	25,492	17,633	7,859
Other	4,577	4,577	4,200	377
Capital Outlay	6,268	6,268	5,274	994
Total - Academic Oriented Activities	<u>39,084</u>	<u>39,084</u>	<u>28,980</u>	<u>10,104</u>
Occupation Oriented Activities				
Materials and Supplies	11,458	11,458	7,399	4,059

(continued)

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Sport Oriented Activities				
Materials and Supplies	1,250	1,250	1,069	181
Other	9,560	9,560	5,280	4,280
Total - Sport Oriented Activities	<u>10,810</u>	<u>10,810</u>	<u>6,349</u>	<u>4,461</u>
Total - Extracurricular Activities	<u>61,352</u>	<u>61,352</u>	<u>42,728</u>	<u>18,624</u>
<i>Total Expenditures</i>	<u>99,199</u>	<u>99,199</u>	<u>71,084</u>	<u>28,115</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(46,563)</u>	<u>(46,563)</u>	<u>(18,448)</u>	<u>28,115</u>
Other Financing Sources (Uses)				
Advances In	1,193	1,193	1,193	0
Advances Out	0	(471)	(1,193)	(722)
Operating Transfers Out	0	(246)	(246)	0
Total Other Financing Sources (Uses)	<u>1,193</u>	<u>476</u>	<u>(246)</u>	<u>(722)</u>
<i>Net Change in Fund Balance</i>	(45,370)	(46,087)	(18,694)	27,393
<i>Fund Balance Beginning of Year</i>	118,721	118,721	118,721	0
Prior Year Encumbrances Appropriated	<u>6,203</u>	<u>6,203</u>	<u>6,203</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 79,554</u>	<u>\$ 78,837</u>	<u>\$ 106,230</u>	<u>\$ 27,393</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$ 124	\$ 124	\$ 124	\$ 0
Gifts and Donations	16,315	16,315	16,315	0
<i>Total Revenues</i>	<u>16,439</u>	<u>16,439</u>	<u>16,439</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular				
Salaries	3,200	3,200	1,676	1,524
Fringe Benefits	800	800	0	800
Purchases Services	1,351	1,351	151	1,200
Materials and Supplies	7,884	7,884	5,742	2,142
Other	10,422	10,422	10,422	0
Total - Regular	<u>23,657</u>	<u>23,657</u>	<u>17,991</u>	<u>5,666</u>
Special				
Other	33	33	0	33
Total - Instruction:	<u>23,690</u>	<u>23,690</u>	<u>17,991</u>	<u>5,699</u>
Support Services:				
Pupils				
Other	1,300	1,300	406	894
Instructional Staff				
Materials and Supplies	2,803	2,803	2,803	0
Total - Support Services	<u>4,103</u>	<u>4,103</u>	<u>3,209</u>	<u>894</u>
Operation of Non-Instructional Services:				
Community Services				
Other	1,894	2,922	2,922	0
Extracurricular Activities:				
Academic Oriented Activities				
Materials and Supplies	1,965	1,965	0	1,965
Other	1,300	1,300	0	1,300
Total - Extracurricular Activities	<u>3,265</u>	<u>3,265</u>	<u>0</u>	<u>3,265</u>

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital Outlay:				
Other Facilities Acquisition and Construction				
Purchased Services	8,203	8,203	8,116	87
<i>Total Expenditures</i>	<u>41,155</u>	<u>42,183</u>	<u>32,238</u>	<u>9,945</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(24,716)</u>	<u>(25,744)</u>	<u>(15,799)</u>	<u>9,945</u>
Other Financing Use				
Operating Transfers Out	0	(260)	(260)	0
<i>Net Change in Fund Balance</i>	(24,716)	(26,004)	(16,059)	9,945
<i>Fund Balance Beginning of Year</i>	34,755	34,755	34,755	0
Prior Year Encumbrances Appropriated	4,860	4,860	4,860	0
<i>Fund Balance End of Year</i>	<u>\$ 14,899</u>	<u>\$ 13,611</u>	<u>\$ 23,556</u>	<u>\$ 9,945</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Champions for Children Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Customer Sales and Service	\$ 105,178	\$ 105,178	\$ 105,178	\$ 0
Gifts and Donations	16,635	16,635	16,635	0
Interest	3,703	3,703	3,703	0
Other	2,270	2,270	2,270	0
<i>Total Revenues</i>	<u>127,786</u>	<u>127,786</u>	<u>127,786</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular				
Salaries	55,470	55,470	50,374	5,096
Fringe Benefits	8,602	8,602	7,242	1,360
Purchased Services	3,510	3,510	3,444	66
Materials and Supplies	2,138	2,138	1,933	205
Capital Outlay	150	150	0	150
Total - Instruction	<u>69,870</u>	<u>69,870</u>	<u>62,993</u>	<u>6,877</u>
Support Services:				
Pupils				
Salaries	21,934	21,934	19,358	2,576
Fringe Benefits	3,433	3,433	2,741	692
Purchased Services	570	570	518	52
Total - Pupils	<u>25,937</u>	<u>25,937</u>	<u>22,617</u>	<u>3,320</u>
Administration				
Salaries	23,164	23,164	23,069	95
Fringe Benefits	3,323	3,323	3,323	0
Purchased Services	3,639	3,639	3,338	301
Materials and Supplies	538	538	361	177
Total - Administration	<u>30,664</u>	<u>30,664</u>	<u>30,091</u>	<u>573</u>
Operation and Maintenance of Plant				
Salaries	227	227	227	0
Fringe Benefits	37	37	37	0
Total - Operation and Maintenance of Plant	<u>264</u>	<u>264</u>	<u>264</u>	<u>0</u>

(continued)

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Champions for Children Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Pupil Transportation				
Salaries	1,186	1,186	1,186	0
Fringe Benefits	100	100	100	0
Purchased Services	100	100	100	0
Total - Pupil Transportation	<u>1,386</u>	<u>1,386</u>	<u>1,386</u>	<u>0</u>
Total - Support Services	<u>58,251</u>	<u>58,251</u>	<u>54,358</u>	<u>3,893</u>
Operation of Non-Instructional Services:				
Food Service Operations				
Materials and Supplies	6,057	6,057	5,205	852
Total Expenditures	<u>134,178</u>	<u>134,178</u>	<u>122,556</u>	<u>11,622</u>
Net Change in Fund Balance	(6,392)	(6,392)	5,230	11,622
Fund Balance Beginning of Year	85,124	85,124	85,124	0
Prior Year Encumbrances Appropriated	<u>4,097</u>	<u>4,097</u>	<u>4,097</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 82,829</u>	<u>\$ 82,829</u>	<u>\$ 94,451</u>	<u>\$ 11,622</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Severance/Retirement Payments Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Instruction:				
Regular				
Salaries	\$ 250,000	\$ 250,000	\$ 211,812	\$ 38,188
Fringe Benefits	45,000	45,000	3,238	41,762
Total - Instruction	<u>295,000</u>	<u>295,000</u>	<u>215,050</u>	<u>79,950</u>
Support Services:				
Operation and Maintenance of Plant				
Salaries	50,000	50,000	29,530	20,470
Fringe Benefits	5,000	5,000	0	5,000
Total - Support Services	<u>55,000</u>	<u>55,000</u>	<u>29,530</u>	<u>25,470</u>
<i>Total Expenditures</i>	<u>350,000</u>	<u>350,000</u>	<u>244,580</u>	<u>105,420</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(350,000)</u>	<u>(350,000)</u>	<u>(244,580)</u>	<u>105,420</u>
Other Financing Source				
Operating Transfers In	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	50,000	50,000	155,420	105,420
<i>Fund Balance Beginning of Year</i>	<u>264,094</u>	<u>264,094</u>	<u>264,094</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 314,094</u>	<u>\$ 314,094</u>	<u>\$ 419,514</u>	<u>\$ 105,420</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Athletic and Music Fund
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Extracurricular Activities	\$ 121,412	\$ 121,412	\$ 121,412	\$ 0
Gifts and Donations	10,551	10,551	10,551	0
<i>Total Revenues</i>	<u>131,963</u>	<u>131,963</u>	<u>131,963</u>	<u>0</u>
Expenditures				
Current:				
Extracurricular Activities:				
Academic Oriented Activities				
Purchased Services	775	775	775	0
Materials and Supplies	830	830	464	366
Capital Outlay	200	200	165	35
Total - Academic Oriented Activities	<u>1,805</u>	<u>1,805</u>	<u>1,404</u>	<u>401</u>
Sport Oriented Activities				
Salaries	1,100	1,100	850	250
Purchased Services	71,212	71,212	48,814	22,398
Materials and Supplies	25,344	25,344	19,470	5,874
Other	25,722	25,722	16,093	9,629
Capital Outlay	4,850	4,850	2,259	2,591
Capital Outlay Replacement	46,103	46,103	39,707	6,396
Total - Sport Oriented Activities	<u>174,331</u>	<u>174,331</u>	<u>127,193</u>	<u>47,138</u>
School and Public Service Co-Curricular Activities				
Purchased Services	4,372	4,372	4,372	0
<i>Total Expenditures</i>	<u>180,508</u>	<u>180,508</u>	<u>132,969</u>	<u>47,539</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(48,545)</u>	<u>(48,545)</u>	<u>(1,006)</u>	<u>47,539</u>
Other Financing Sources (Uses)				
Advances In	31,187	31,187	31,187	0
Advances Out	0	(4,104)	(31,187)	(27,083)
Operating Transfers In	5,023	5,023	5,023	0
<i>Total Other Financing Sources (Uses)</i>	<u>36,210</u>	<u>32,106</u>	<u>5,023</u>	<u>(27,083)</u>
<i>Net Change in Fund Balance</i>	(12,335)	(16,439)	4,017	20,456
<i>Fund Balance Beginning of Year</i>	25,040	25,040	25,040	0
Prior Year Encumbrances Appropriated	2,295	2,295	2,295	0
<i>Fund Balance End of Year</i>	<u>\$ 15,000</u>	<u>\$ 10,896</u>	<u>\$ 31,352</u>	<u>\$ 20,456</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 75,547	\$ 75,547	\$ 75,547	\$ 0
Interest	561	561	561	0
<i>Total Revenues</i>	<u>76,108</u>	<u>76,108</u>	<u>76,108</u>	<u>0</u>
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Community Services				
Salaries	47,620	47,620	47,616	4
Fringe Benefits	9,274	9,203	9,203	0
Purchased Services	5,483	5,455	5,455	0
Materials and Supplies	19,154	19,225	19,225	0
Other	3,022	3,022	3,022	0
Capital Outlay	3,622	3,622	3,622	0
<i>Total Expenditures</i>	<u>88,175</u>	<u>88,147</u>	<u>88,143</u>	<u>4</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(12,067)</u>	<u>(12,039)</u>	<u>(12,035)</u>	<u>4</u>
Other Financing Sources (Uses)				
Advances In	3,465	3,465	3,465	0
Advances Out	0	0	(3,465)	(3,465)
<i>Total Other Financing Sources (Uses)</i>	<u>3,465</u>	<u>3,465</u>	<u>0</u>	<u>(3,465)</u>
<i>Net Change in Fund Balance</i>	(8,602)	(8,574)	(12,035)	(3,461)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	12,038	12,038	12,038	0
<i>Fund Balance End of Year</i>	<u>\$ 3,436</u>	<u>\$ 3,464</u>	<u>\$ 3</u>	<u>\$ (3,461)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Professional Development Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Support Services:				
Instructional Staff				
Salaries	\$ 829	\$ 829	\$ 828	\$ 1
Fringe Benefits	21	21	21	0
Materials and Supplies	46	46	46	0
	<u>896</u>	<u>896</u>	<u>895</u>	<u>1</u>
<i>Total Expenditures</i>	<u>896</u>	<u>896</u>	<u>895</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	(896)	(896)	(895)	1
<i>Fund Balance Beginning of Year</i>	<u>896</u>	<u>896</u>	<u>896</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Educational Management Information System Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 6,007	\$ 6,007	\$ 6,007	\$ 0
Expenditures				
Current:				
Support Services:				
Fiscal				
Salaries	2,402	2,402	2,403	(1)
Fringe Benefits	336	336	336	0
Total - Support Services	2,738	2,738	2,739	(1)
Operation of Non-Instructional Services:				
Community Services				
Capital Outlay	3,268	3,268	3,268	0
Total Operation of Non-Instructional Services:	3,268	3,268	3,268	0
<i>Total Expenditures</i>	6,006	6,006	6,007	(1)
<i>Net Change in Fund Balance</i>	1	1	0	(1)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ (1)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Preshcool Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 104,895	\$ 104,895	\$ 104,895	\$ 0
Expenditures				
Current:				
Instruction:				
Regular				
Salaries	28,121	28,121	28,120	1
Fringe Benefits	7,414	7,414	7,414	0
Purchased Services	746	746	746	0
Materials and Supplies	1,550	1,550	1,550	0
Total - Instruction	<u>37,831</u>	<u>37,831</u>	<u>37,830</u>	<u>1</u>
Support Services:				
Pupils				
Salaries	5,918	5,918	5,918	0
Fringe Benefits	1,775	1,775	1,775	0
Purchased Services	5,400	5,400	5,400	0
Materials and Supplies	510	510	510	0
Total - Pupils	<u>13,603</u>	<u>13,603</u>	<u>13,603</u>	<u>0</u>
Instructional Staff				
Purchased Services	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Fiscal				
Salaries	4,702	4,702	4,702	0
Fringe Benefits	1,835	1,835	1,835	0
Purchased Services	5,310	5,310	5,310	0
Materials and Supplies	1,500	1,500	1,500	0
Total - Fiscal	<u>13,347</u>	<u>13,347</u>	<u>13,347</u>	<u>0</u>
Operation and Maintenance of Plant				
Salaries	1,360	1,360	1,360	0
Fringe Benefits	408	408	408	0
Purchased Services	6,585	6,585	6,585	0
Materials and Supplies	420	420	420	0
Other	500	500	500	0
Total - Operation and Maintenance of plant	<u>9,273</u>	<u>9,273</u>	<u>9,273</u>	<u>0</u>

(continued)

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Preshcool Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Pupil Transportation				
Salaries	5,281	5,281	5,281	0
Fringe Benefits	1,583	1,583	1,583	0
Purchased Services	1,850	1,850	1,850	0
Materials and Supplies	3,645	3,645	3,645	0
Total - Pupil Transportation	<u>12,359</u>	<u>12,359</u>	<u>12,359</u>	<u>0</u>
Central				
Salaries	13,561	13,561	13,561	0
Fringe Benefits	4,068	4,068	4,068	0
Purchased Services	1,050	1,050	1,050	0
Other	520	520	501	19
Total - Central	<u>19,199</u>	<u>19,199</u>	<u>19,180</u>	<u>19</u>
Total - Support Services:	<u>68,781</u>	<u>68,781</u>	<u>68,762</u>	<u>19</u>
<i>Total Expenditures</i>	<u>106,612</u>	<u>106,612</u>	<u>106,592</u>	<u>20</u>
<i>Net Change in Fund Balance</i>	(1,717)	(1,717)	(1,697)	20
<i>Fund Balance Beginning of Year</i>	5	5	5	0
Prior Year Encumbrances Appropriated	<u>1,712</u>	<u>1,712</u>	<u>1,712</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20</u>	<u>\$ 20</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Entry Level Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 4,800	\$ 4,800	\$ 4,800	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Salaries	4,550	4,550	4,550	0
Fringe Benefits	250	250	250	0
<i>Total Expenditures</i>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 4,393	\$ 4,393	\$ 4,393	\$ 0
Other Financing Uses				
Operating Transfers Out	(8,786)	(4,393)	(4,393)	0
<i>Net Change in Fund Balance</i>	<u>(4,393)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (4,393)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditure				
Current:				
Instruction:				
Regular				
Capital Outlay	\$ 14,910	\$ 14,910	\$ 14,909	\$ 1
<i>Net Change in Fund Balance</i>	(14,910)	(14,910)	(14,909)	1
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	14,910	14,910	14,910	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Data Communications for School Buildings Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 0</u>
Expenditure				
Current:				
Support Services				
Central				
Capital Outlay	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 3,925	\$ 3,925	\$ 3,925	\$ 0
Expenditure				
Current:				
Instruction:				
Regular				
Purchased Services	6,949	6,949	6,949	0
<i>Net Change in Fund Balance</i>	(3,024)	(3,024)	(3,024)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	3,024	3,024	3,024	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 46,378	\$ 46,378	\$ 46,378	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Salaries	19,134	19,134	19,134	0
Fringe Benefits	3,415	3,415	3,415	0
Purchased Services	1,695	1,695	1,695	0
Materials and Supplies	21,195	21,195	21,195	0
Total - Instruction	45,439	45,439	45,439	0
Operation of Non-Instructional Services:				
Community Services				
Materials and Supplies	939	939	939	0
<i>Total Expenditures</i>	46,378	46,378	46,378	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$ 0	\$ 0	\$ 0	\$ 0

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Reading Intervention Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Instruction				
Regular				
Salaries	\$ 10,780	\$ 10,780	\$ 10,779	\$ 1
Materials and Supplies	42	42	42	0
<i>Total Expenditures</i>	<u>10,822</u>	<u>10,822</u>	<u>10,821</u>	<u>1</u>
<i>Fund Balance Beginning of Year</i>	1	1	1	0
Prior Year Encumbrances Appropriated	<u>10,821</u>	<u>10,821</u>	<u>10,821</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Poverty Assistance Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 30,751	\$ 30,751	\$ 30,751	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Capital Outlay	18,612	18,612	18,612	0
Support Services:				
Pupils				
Salaries	16,532	16,532	16,532	0
<i>Total Expenditures</i>	<u>35,144</u>	<u>35,144</u>	<u>35,144</u>	<u>0</u>
<i>Excess Revenues Under Expenditures</i>	(4,393)	(4,393)	(4,393)	0
Other Financing Sources				
Operating Transfers In	4,393	4,393	4,393	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Extended Learning Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 490	\$ 490	\$ 490	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Purchased Services	2,000	2,000	0	2,000
Materials and Supplies	2,973	2,973	0	2,973
Total - Regular	4,973	4,973	0	4,973
Adult/ Continuing Other	100	100	0	100
Total - Instruction	5,073	5,073	0	5,073
Support Services				
Instructional Staff				
Materials and Supplies	189	189	189	0
Operation of Non-Instructional Services				
Food Service Operations				
Materials and Supplies	490	490	489	1
<i>Total Expenditures</i>	5,752	5,752	678	5,074
<i>Net Change in Fund Balance</i>	(5,262)	(5,262)	(188)	5,074
<i>Fund Balance Beginning of Year</i>	3,957	3,957	3,957	0
Prior Year Encumbrances Appropriated	1,305	1,305	1,305	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,074</u>	<u>\$ 5,074</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI - B Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 503,425	\$ 503,425	\$ 503,425	\$ 0
Expenditures				
Current:				
Instruction				
Special				
Salaries	138,188	138,188	138,186	2
Fringe Benefits	34,404	34,404	34,404	0
Purchased Services	39,561	39,561	39,561	0
Materials and Supplies	17,310	17,310	17,310	0
Capital Outlay	32,205	32,205	32,205	0
Total - Instruction	261,668	261,668	261,666	2
Support Services				
Pupils				
Salaries	15,082	15,082	15,083	(1)
Fringe Benefits	6,560	6,560	6,560	0
Purchases Services	160,501	160,501	160,501	0
Capital Outlay	1,584	1,584	1,584	0
Total - Pupils	183,727	183,727	183,728	(1)
Administration				
Salaries	37,374	37,374	37,374	0
Fringe Benefits	15,706	15,706	15,706	0
Purchased Services	300	300	300	0
Materials and Supplies	2,301	2,301	2,301	0
Total - Administration	55,681	55,681	55,681	0
Total - Support Services	239,408	239,408	239,409	(1)
Operation of Non-Instructional Services				
Community Services				
Purchased Services	14,855	14,855	14,855	0
<i>Total Expenditures</i>	515,931	515,931	515,930	1
<i>Excess of Revenues Over (Under) Expenditures</i>	(12,506)	(12,506)	(12,505)	1

(continued)

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI - B Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses)				
Advances In	6,679	6,679	6,679	0
Advances Out	<u>0</u>	<u>0</u>	<u>(6,679)</u>	<u>6,679</u>
<i>Total Other Financing Sources (Uses)</i>	<u>6,679</u>	<u>6,679</u>	<u>0</u>	<u>6,679</u>
<i>Net Change in Fund Balance</i>	(5,827)	(5,827)	(12,505)	(6,678)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>12,505</u>	<u>12,505</u>	<u>12,505</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,678</u>	<u>\$ 6,678</u>	<u>\$ 0</u>	<u>\$ (6,678)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Disadvantaged Children Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 267,849	\$ 267,849	\$ 267,849	\$ 0
Expenditures				
Current:				
Instruction:				
Special				
Salaries	220,767	220,767	220,771	(4)
Fringe Benefits	31,784	31,784	31,783	1
Purchased Services	1,080	1,080	1,080	0
Materials and Supplies	8,613	8,613	8,613	0
Capital Outlay	6,746	6,746	6,746	0
Total - Instruction	268,990	268,990	268,993	(3)
Operation of Non-Instructional Services:				
Community Services				
Salaries	7,000	7,000	7,000	0
Fringe Benefits	990	990	990	0
Total Operation of Non-Instructional Services	7,990	7,990	7,990	0
<i>Total Expenditures</i>	276,980	276,980	276,983	(3)
<i>Excess of Revenue Under Expenditures</i>	(9,131)	(9,131)	(9,134)	(3)
Other Financing Sources (Uses)				
Advances In	23,851	23,851	23,851	0
Advances Out	0	0	(23,851)	(23,851)
<i>Total Other Financing Sources (Uses)</i>	23,851	23,851	0	(23,851)
<i>Net Change in Fund Balance</i>	14,720	14,720	(9,134)	(23,854)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	9,131	9,131	9,131	0
<i>Fund Balance End of Year</i>	<u>\$ 23,851</u>	<u>\$ 23,851</u>	<u>\$ (3)</u>	<u>\$ (23,854)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI - Innovative Education Programs Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 5,640	\$ 5,640	\$ 5,640	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Salaries	9,331	9,331	9,330	1
Operation of Non-Instructional Services				
Community Services				
Purchased Services	500	500	500	0
<i>Total Expenditures</i>	9,831	9,831	9,830	1
<i>Excess Revenues Over (Under) Expenditures</i>	(4,191)	(4,191)	(4,190)	1
Other Financing Sources (Uses)				
Advances In	111	111	111	0
Advances Out	0	0	(111)	(111)
<i>Total Other Financing Sources (Uses)</i>	111	111	0	(111)
<i>Net Change in Fund Balance</i>	(4,080)	(4,080)	(4,190)	(110)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	4,191	4,191	4,191	0
<i>Fund Balance End of Year</i>	<u>\$ 111</u>	<u>\$ 111</u>	<u>\$ 1</u>	<u>\$ (110)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 9,340	\$ 9,340	\$ 9,340	\$ 0
Expenditures				
Current:				
Support Services				
Pupils				
Salaries	8,840	8,840	8,840	0
Materials and Supplies	500	500	500	0
<i>Total Expenditures</i>	<u>9,340</u>	<u>9,340</u>	<u>9,340</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Improving Teacher Quality Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Intergovernmental	\$ 107,661	\$ 107,661	\$ 107,661	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Salaries	89,203	89,203	89,204	(1)
Fringe Benefits	8,338	8,338	8,338	0
Total - Instruction	97,541	97,541	97,542	(1)
Support Services				
Pupils				
Purchased Services	11,320	11,320	11,320	0
<i>Total Expenditures</i>	108,861	108,861	108,862	(1)
<i>Net Change in Fund Balance</i>	(1,200)	(1,200)	(1,201)	(1)
Prior Year Encumbrances Appropriated	1,200	1,200	1,200	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Technology Grants Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 4,873	\$ 4,873	\$ 4,873	\$ 0
Expenditures				
Current:				
Instruction				
Regular				
Purchased Services	1,218	1,218	1,218	0
Materials and Supplies	98	98	98	0
Capital Outlay	7,994	7,994	7,994	0
<i>Total Expenditures</i>	<u>9,310</u>	<u>9,310</u>	<u>9,310</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,437)</u>	<u>(4,437)</u>	<u>(4,437)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,437)	(4,437)	(4,437)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>4,437</u>	<u>4,437</u>	<u>4,437</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$ 254,588	\$ 254,588	\$ 254,588	\$ 0
Intergovernmental	27,279	27,279	27,279	0
Interest	405	405	405	0
<i>Total Revenues</i>	<u>282,272</u>	<u>282,272</u>	<u>282,272</u>	<u>0</u>
Expenditures				
Current:				
Support Services				
Fiscal				
Other	3,074	3,074	3,074	0
Operation and Maintenance of Plant				
Salaries	0	0	3	(3)
Capital Outlay	339,932	339,932	262,056	77,876
Total Regular	<u>343,006</u>	<u>343,006</u>	<u>265,133</u>	<u>77,873</u>
<i>Total Expenditures</i>	<u>343,006</u>	<u>343,006</u>	<u>265,133</u>	<u>77,873</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(60,734)</u>	<u>(60,734)</u>	<u>17,139</u>	<u>(77,873)</u>
<i>Net Change in Fund Balance</i>	(60,734)	(60,734)	17,139	(77,873)
<i>Fund Balance Beginning of Year</i>	77,769	77,769	77,769	0
Prior Year Encumbrances Appropriated	<u>64,342</u>	<u>64,342</u>	<u>64,342</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 81,377</u>	<u>\$ 81,377</u>	<u>\$ 159,250</u>	<u>\$ 77,873</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
SchoolNet Plus Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Instruction				
Regular				
Capital Outlay	\$ 14,910	\$ 14,910	\$ 14,909	\$ 1
<i>Total Expenditures</i>	<u>14,910</u>	<u>14,910</u>	<u>14,909</u>	<u>1</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(14,910)</u>	<u>(14,910)</u>	<u>(14,909)</u>	<u>(1)</u>
<i>Net Change in Fund Balance</i>	(14,910)	(14,910)	(14,909)	(1)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>14,910</u>	<u>14,910</u>	<u>14,910</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>

Statistical Section

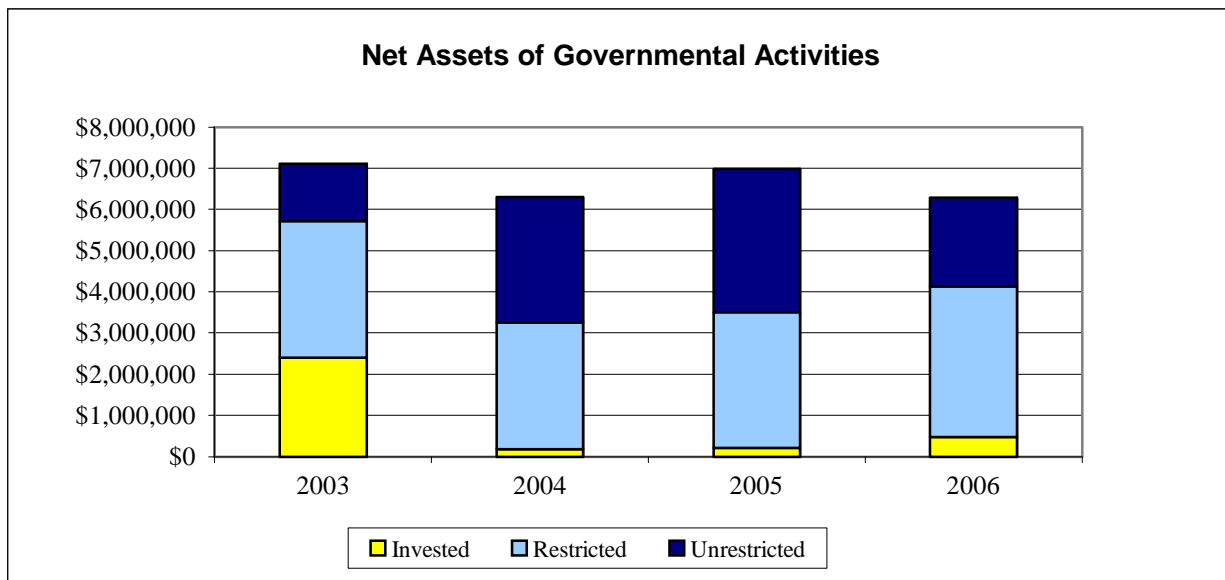
This part of Port Clinton City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	107-111
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	112-119
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	120-126
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	127-128
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	129-135

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

Port Clinton City School District
Net Assets by Component
Last Four Fiscal Years
(Accrual Basis of Accounting)

	2003	2004	2005	2006
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$2,401,163	\$184,758	\$203,024	\$473,002
Restricted for:				
Capital Projects	160,042	129,132	167,724	240,748
Debt Service	2,201,622	2,444,559	2,593,378	2,731,336
Set Asides	0	0	0	0
Other Purposes	951,214	501,727	545,586	674,239
Unrestricted (Deficit)	1,389,782	3,042,175	3,471,807	2,167,968
Total Governmental Activities Net Assets	\$7,103,823	\$6,302,351	\$6,981,519	\$6,287,293
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$129,983	\$4,467	\$0	\$0
Restricted	0	0	0	0
Unrestricted (Deficit)	(44,973)	(24,773)	0	0
Total Business-type Activities Net Assets	\$85,010	(\$20,306)	\$0	\$0
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$2,531,146	\$189,225	\$203,024	\$473,002
Restricted	3,312,878	3,075,418	3,306,688	3,646,323
Unrestricted (Deficit)	1,344,809	3,017,402	3,471,807	2,167,968
Total Primary Government Net Assets	\$7,188,833	\$6,282,045	\$6,981,519	\$6,287,293



Port Clinton City School District

Changes in Net Assets

Last Four Fiscal Years

(Accrual Basis of Accounting)

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Regular Instruction	\$8,279,767	\$7,644,195	\$8,920,104	\$8,974,539
Special Instruction	2,044,738	1,888,795	2,038,648	1,938,241
Vocational Instruction	120,003	96,417	153,591	148,618
Other Instruction	429,752	430,006	574,941	795,721
Pupil Support	1,452,659	1,576,735	1,761,180	1,852,770
Instructional Staff Support	376,684	396,087	348,950	416,596
Board of Education	15,826	12,079	26,399	17,955
Administration	1,301,249	1,571,627	1,507,848	1,520,493
Fiscal	243,313	265,342	672,995	541,208
Business	0	0	0	0
Operation and Maintenance of Plant	1,873,713	2,060,611	1,837,266	2,309,324
Pupil Transportation	960,795	1,007,086	927,084	935,746
Central	45,870	67,736	94,644	115,846
Operation of Non-Instructional Services	172,005	206,807	847,633	852,974
Extracurricular Activities	533,785	527,975	538,827	562,819
Interest and Fiscal Charges	718,744	865,248	149,207	181,642
<i>Total Governmental Activities Expenses</i>	<u>18,568,903</u>	<u>18,616,746</u>	<u>20,399,317</u>	<u>21,164,492</u>
Business-type Activities:				
Food Service	581,575	630,943	0	0
After School Care	0	0	0	0
<i>Total Business-type Activities Expenses</i>	<u>581,575</u>	<u>630,943</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Expenses</i>	<u>19,150,478</u>	<u>19,247,689</u>	<u>20,399,317</u>	<u>21,164,492</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Regular Instruction	37,097	81,757	169,031	300,599
Pupil Support	0	0	0	29,450
Fiscal	2,720	0	0	0
Operation and Maintenance of Plant	816	0	0	0
Operation of Non-Instructional Services	0	0	0	341,671
Extracurricular Activities	68,597	125,605	125,569	133,782
Operating Grants and Contributions				
Regular Instruction	450,173	554,441	297,023	232,951
Special Instruction	0	398,877	755,339	592,799
Pupil Support	0	226,358	101,796	219,921
Staff Support	0	0	0	532
Board of Education	0	0	5,896	0
Administration	0	55,000	0	50,342
Fiscal	0	0	0	14,891
Operation and Maintenance of Plant	0	6,805	2,072	9,281
Pupil Transportation	0	0	0	12,359
Central	0	0	0	37,047
Operation of Non-Instructional Services	0	74,653	319,539	394,022
Extracurricular Activities	0	0	0	15,126
Capital Grants and Contributions				
Operation and Maintenance of Plant	0	0	0	27,279
Pupil Transportation	0	0	0	8,365
Extracurricular Activities	0	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>559,403</u>	<u>1,523,496</u>	<u>1,776,265</u>	<u>2,420,417</u>

(continued)

Port Clinton City School District

Changes in Net Assets

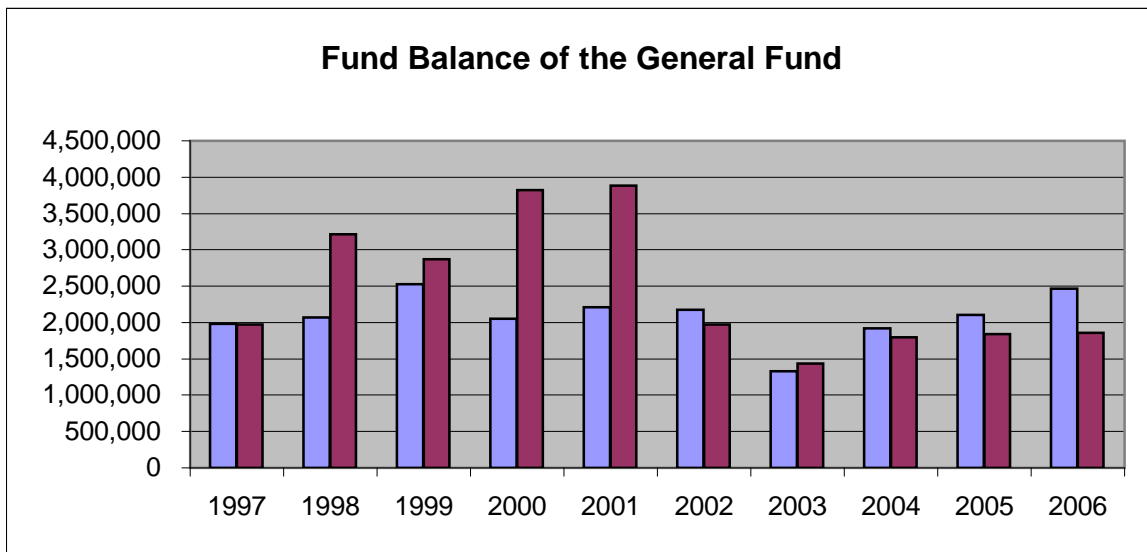
Last Four Fiscal Years

(Accrual Basis of Accounting)

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
Food Service	\$324,089	\$330,577	\$0	\$0
After School Care	0	0	0	0
Operating Grants and Contributions	232,543	273,635	0	0
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>556,632</u>	<u>604,212</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Program Revenues</i>	<u>1,116,035</u>	<u>2,127,708</u>	<u>1,776,265</u>	<u>2,420,417</u>
Net (Expense)/Revenue				
Governmental Activities	(18,009,500)	(17,093,250)	(18,623,052)	(18,744,075)
Business-type Activities	(24,943)	(26,731)	0	0
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$18,034,443)</u>	<u>(\$17,119,981)</u>	<u>(\$18,623,052)</u>	<u>(\$18,744,075)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$9,931,343	\$12,011,958	\$13,431,484	\$13,295,513
Debt Service	643,119	752,994	812,422	785,479
Capital Outlay	111,900	172,142	254,116	255,218
Grants and Entitlements not				
Restricted to Specific Programs	5,123,349	4,550,036	5,019,349	4,582,041
Investment Earnings	159,821	85,058	184,809	326,150
Miscellaneous	362,281	481,767	512,816	14,129
Transfers	0	0	480	0
<i>Total Governmental Activities</i>	<u>16,331,813</u>	<u>18,053,955</u>	<u>20,215,476</u>	<u>19,258,530</u>
Business-type Activities:				
Investment Earnings	195	0	0	0
Transfers	0	0	0	0
<i>Total Business-type Activities</i>	<u>195</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>16,332,008</u>	<u>18,053,955</u>	<u>20,215,476</u>	<u>19,258,530</u>
Change in Net Assets				
Governmental Activities	(1,677,687)	960,705	1,592,424	514,455
Business-type Activities	(24,748)	(26,731)	0	0
<i>Total Primary Government Change in Net Assets</i>	<u>(\$1,702,435)</u>	<u>\$933,974</u>	<u>\$1,592,424</u>	<u>\$514,455</u>

Port Clinton City School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$1,981,596	\$2,066,087	\$2,527,609	\$2,049,238
Unreserved	1,975,682	3,214,302	2,870,729	3,818,003
<i>Total General Fund</i>	<u>3,957,278</u>	<u>5,280,389</u>	<u>5,398,338</u>	<u>5,867,241</u>
All Other Governmental Funds				
Reserved	1,361,506	1,658,007	305,602	260,458
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	97,991	202,202	819,688	940,619
Debt Service Funds	0	0	1,664,096	2,005,153
Capital Projects Funds	102,885	42,330	44,193	66,666
Permanent Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>1,562,382</u>	<u>1,902,539</u>	<u>2,833,579</u>	<u>3,272,896</u>
<i>Total Governmental Funds</i>	<u><u>\$5,519,660</u></u>	<u><u>\$7,182,928</u></u>	<u><u>\$8,231,917</u></u>	<u><u>\$9,140,137</u></u>



2001	2002	2003	2004	2005	2006
\$2,208,136	\$2,171,361	\$1,329,367	\$1,921,651	\$2,102,636	\$2,465,959
3,883,880	1,975,067	1,436,654	1,800,824	1,844,854	1,855,119
6,092,016	4,146,428	2,766,021	3,722,475	3,947,490	4,321,078
332,464	262,690	426,688	394,657	292,710	309,912
1,057,659	981,492	732,268	322,710	518,026	544,195
2,159,209	2,067,572	2,085,009	2,321,908	2,457,778	2,596,941
106,438	(359,572)	24,735	45,444	62,859	159,251
0	0	0	0	0	0
3,655,770	2,952,182	3,268,700	3,084,719	3,331,373	3,610,299
\$9,747,786	\$7,098,610	\$6,034,721	\$6,807,194	\$7,278,863	\$7,931,377

Port Clinton City School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1997	1998	1999	2000
Revenues				
Property and Other Local Taxes	\$ 11,915,484	\$ 10,951,963	\$ 11,534,898	\$ 11,400,256
Intergovernmental	4,646,831	4,667,286	4,895,305	5,087,657
Interest	365,293	460,938	483,830	597,664
Tuition and Fees	117,200	102,603	114,796	0
Extracurricular Activities	107,244	112,442	109,557	122,118
Contributions and Donations	0	0	0	0
Classroom Materials and Fees	0	0	298	98,162
Charges for Services	0	0	0	0
Miscellaneous	67,560	171,409	110,901	102,332
<i>Total Revenues</i>	<u>17,219,612</u>	<u>16,466,641</u>	<u>17,249,585</u>	<u>17,408,189</u>
Expenditures				
Current:				
Instruction:				
Regular	8,191,064	8,232,797	8,773,307	9,259,605
Special	0	0	0	0
Vocational	0	0	0	0
Other				
Support Services:				
Pupil	944,142	1,032,581	1,123,910	1,217,897
Instructional Staff	325,486	419,926	398,127	370,326
Board of Education	9,323	11,204	12,543	8,931
Administration	1,155,351	1,235,441	1,430,375	1,426,513
Fiscal	418,575	216,817	249,303	246,822
Business	0	0	618	184
Operation and Maintenance of Plant	1,647,388	1,522,640	1,613,084	1,768,328
Pupil Transportation	789,154	671,007	766,120	748,557
Central	4,209	2,174	27,505	2,055
Operation of Non-Instructional Services	240,578	61,819	106,501	87,253
Operation of Food Services	0	0	0	0
Operation of Community Services	0	0	0	0
Extracurricular Activities	327,984	364,887	380,389	333,786
Capital Outlay	83,643	183,623	433,930	116,312
Debt Service:				
Principal Retirement	550,000	575,000	580,000	257,429
Interest and Fiscal Charges	330,800	308,129	283,841	609,669
<i>Total Expenditures</i>	<u>15,017,697</u>	<u>14,838,045</u>	<u>16,179,553</u>	<u>16,453,667</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,201,915</u>	<u>1,628,596</u>	<u>1,070,032</u>	<u>954,522</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	884	2,016	230
Premium on Bonds	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0
Proceeds of Refunding Debt	0	0	0	0
Payment to Refunded Debt Escrow Agent	0	0	0	0
Refund of Prior Year Expenditures	13,407	73,788	33,352	13,468
Refund of Prior Year Receipts	(92)	0	(836)	0
Transfers In	314,394	294,847	896,643	100,594
Transfers Out	(352,394)	(340,922)	(952,218)	(160,594)
<i>Total Other Financing Sources (Uses)</i>	<u>(24,685)</u>	<u>28,597</u>	<u>(21,043)</u>	<u>(46,302)</u>
<i>Net Change in Fund Balances</i>	<u>\$2,177,230</u>	<u>\$1,657,193</u>	<u>\$1,048,989</u>	<u>\$908,220</u>
Debt Service as a Percentage of Noncapital Expenditures	5.90%	6.03%	5.49%	5.31%

2001	2002	2003	2004	2005	2006
\$ 11,760,399	\$ 10,360,805	\$ 10,567,950	\$ 13,030,860	\$ 14,295,265	\$ 14,405,440
5,346,394	5,353,784	5,573,522	5,866,170	6,501,014	6,147,996
687,450	367,550	159,821	85,058	184,809	326,150
0	0	0	86,877	102,967	224,871
128,748	141,645	140,403	125,605	125,569	133,782
0	0	0	0	0	48,960
106,639	86,513	77,312	81,757	66,064	0
0	0	0	0	0	438,482
97,734	45,060	190,813	206,412	508,794	14,129
18,127,364	16,355,357	16,709,821	19,482,739	21,784,482	21,748,177
9,692,452	10,181,159	7,784,174	7,930,519	8,633,553	8,439,668
0	0	2,033,158	1,839,406	2,024,896	1,951,095
0	0	119,889	96,417	153,591	146,187
	0	429,752	430,006	574,941	795,721
1,274,601	1,338,307	1,430,329	1,520,333	1,752,118	1,800,267
351,656	365,488	403,463	398,416	348,869	382,768
9,854	15,884	15,826	12,079	26,399	17,955
1,592,781	1,825,825	1,355,445	1,505,653	1,507,141	1,418,627
254,763	332,001	233,263	273,191	669,423	500,699
0	0	0	0	0	0
1,833,685	1,907,033	1,902,761	2,007,477	1,971,091	2,121,474
951,757	1,014,587	909,146	899,186	919,991	951,152
2,055	1,749	17,385	67,083	94,644	115,846
81,139	98,973	167,439	207,076	844,340	0
0	0	0	0	0	729,137
0	0	0	0	0	120,209
415,283	1,670,745	528,033	518,665	538,290	497,281
193,925	21,533	303,735	261,744	0	242,189
242,857	230,831	271,216	174,000	734,000	744,000
643,884	638,142	718,744	865,248	138,463	121,389
17,540,692	19,642,257	18,623,758	19,006,499	20,931,750	21,095,664
586,672	(3,286,900)	(1,913,937)	476,240	852,732	652,513
1,647	375	4,521	3,386	4,022	0
0	0	0	292,847	0	0
0	676,000	700,400	0	0	0
0	0	0	4,274,994	0	0
0	0	0	(4,274,994)	0	0
60,419	11,369	58,462	0	0	0
0	0	0	0	0	0
126,015	117,461	209,590	153,677	579,198	553,930
(167,104)	(167,481)	(209,590)	(153,677)	(578,718)	(553,930)
20,977	637,724	763,383	296,233	4,502	0
\$607,649	(\$2,649,176)	(\$1,150,554)	\$772,473	\$857,234	\$652,513
5.11%	4.43%	5.40%	5.54%	4.17%	4.15%

Port Clinton City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated	Assessed Value	Public Utility
		Actual Value		Estimated
			Assessed Value	Actual Value
1997	\$263,973,680	\$754,210,514	\$26,503,600	\$ 30,117,727
1998	317,069,370	905,912,486	25,699,310	29,203,761
1999	320,827,330	916,649,514	25,955,520	29,494,909
2000	324,814,930	928,042,657	24,043,690	27,322,375
2001	375,200,140	1,072,000,400	23,807,370	27,053,830
2002	380,852,500	1,088,150,000	18,992,240	21,582,091
2003	387,411,300	1,106,889,429	19,373,720	22,015,591
2004	452,700,720	1,293,430,629	18,345,930	20,847,648
2005	467,835,110	1,336,671,743	18,393,820	20,902,068
2006	482,400,630	1,378,287,514	17,372,550	19,741,534

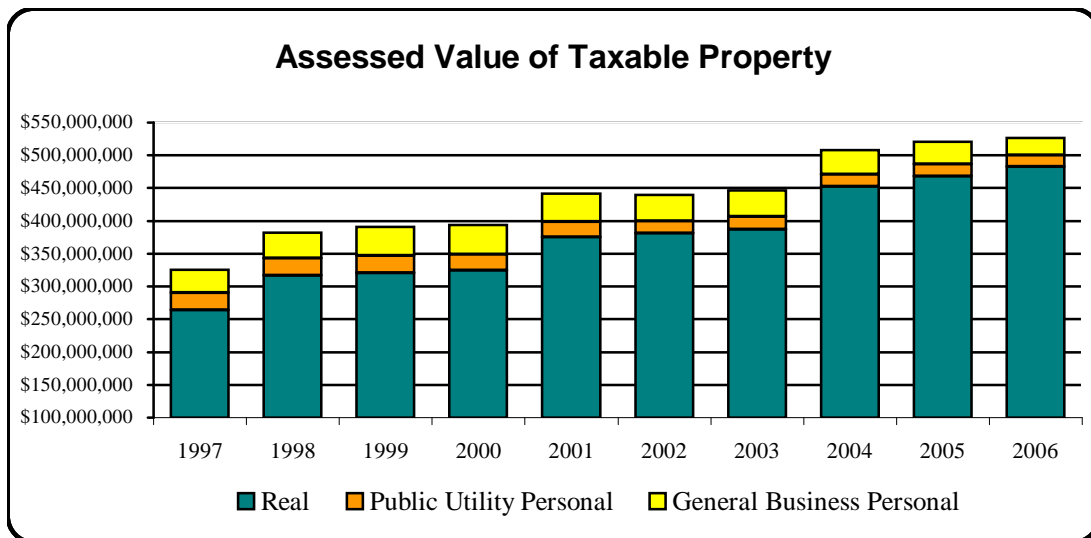
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Office of the County Auditor, Ottawa County, Ohio

Tangible Personal Property				
General Business		Total		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio
\$34,828,328	\$139,313,312	\$325,305,608	\$923,641,554	35%
39,246,903	156,987,612	382,015,583	1,092,103,859	35%
43,687,877	174,751,508	390,470,727	1,120,895,931	35%
44,570,971	178,283,884	393,429,591	1,133,648,916	35%
42,362,220	169,448,880	441,369,730	1,268,503,110	35%
40,122,425	160,489,700	439,967,165	1,270,221,791	35%
39,880,548	159,522,192	446,665,568	1,288,427,211	35%
37,436,521	149,746,084	508,483,171	1,464,024,360	35%
34,836,599	139,346,396	521,065,529	1,496,920,207	35%
26,774,456	107,097,824	526,547,636	1,505,126,872	35%



Port Clinton City School District
Property Tax Levies and Collections (1)
Last Five Years

<u>Collection Year (2)</u>	<u>Current Levy</u>	<u>Delinquent Levy</u>	<u>Total Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
2001	\$15,811,841	\$ 595,708	\$16,407,549	\$13,037,365	82.45%	N/A	\$13,037,365	82.45%
2002	14,900,844	466,758	15,367,602	13,088,976	87.84	N/A	13,088,976	87.84
2003	12,046,711	1,249,452	13,296,163	10,978,643	91.13	N/A	10,978,643	91.13
2004	13,220,423	871,328	14,091,751	11,814,114	89.36	N/A	11,814,114	89.36
2005	15,319,601	960,903	16,280,504	14,819,068	96.73	N/A	14,819,068	96.73

Source: Office of the County Auditor, Sample County, Ohio

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

Port Clinton City School District

Principal Taxpayers

Real Estate Tax

2005

Name of Taxpayer	2005	
	Assessed Value (1)	Percent of Real Property Assessed Value
Lakeview Estates Apt.	\$874,990	0.19%
Wal-Mart Stores	934,500	0.20%
Erie Island Resort & Marina	949,490	0.20%
Knoll Creast Village	1,047,740	0.22%
Bassetts IGA	1,183,950	0.25%
Baker Family Ltd Partnership	1,303,050	0.28%
Marina Alliance LTD	1,473,320	0.31%
R & M Co.	1,510,620	0.32%
The Kroger Co.	1,742,540	0.37%
Untied States Gypsum	1,803,750	0.39%
Totals	<u>\$12,823,950</u>	<u>2.74%</u>
Total Assessed Valuation	<u><u>\$467,835,100</u></u>	

(1) The amounts presented represent the assessed values upon which 2005 collections were based. Information relating to 1996 was not available.

Source: Office of the County Auditor, Ottawa County, Ohio

Port Clinton City School District
Principal Taxpayers
Tangible Personal Property Tax
 2005

Name of Taxpayer	2005	
	Assessed Value (1)	Percent of Tangible Personal Property Assessed Value
Untied States Gypsum	\$5,691,090	16.34%
Silgan Plastics Corporation	5,640,880	16.19%
Scandura Ohio Inc	2,728,770	7.83%
Marinermax of Ohio Inc	1,553,340	4.46%
Adlphia Communications	1,344,000	3.86%
Bauman Chevy-Cad-Buick-Pontiac	1,155,170	3.32%
Wal Mart Stores East LP	796,450	2.29%
S M B R Realty Llc	662,160	1.90%
Kroger Co.	603,110	1.73%
Courtesy Auto World Inc	599,330	1.72%
Total	<u>\$20,774,300</u>	<u>59.63%</u>
Total Assessed Valuation	<u>\$34,836,599</u>	

(1) The amounts presented represent the assessed values upon which 2005 collections were based. Information relating to 1996 was not available.

Source: Office of the County Auditor, Ottawa County, Ohio

Port Clinton City School District

Principal Taxpayers

Public Utilities Tax

2005

Name of Taxpayer	2005	
	Assessed Value (1)	Percent of Public Utility Assessed Value
Ohio Telephone	\$188,120	1.02%
Toledo Edison	210,820	1.15%
Level 3	217,610	1.18%
Columbia Gas Transmission	378,070	2.06%
Columbia Gas Transmission	879,990	4.78%
Put in Bay Boat Line	949,970	5.16%
American Transmission	1,244,380	6.77%
Norfolk Southern	1,385,980	7.54%
Verizon	2,049,060	11.14%
Ohio Edison	9,328,850	50.72%
Total	<u>\$16,832,850</u>	<u>91.51%</u>
Total Assessed Valuation	<u>\$18,393,800</u>	

(1) The amounts presented represent the assessed values upon which 2005 collections were based. Information relating to 1996 was not available.

Source: Office of the County Auditor, Ottawa County, Ohio

Port Clinton City School District

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loans Payable	Capital Leases			
1997	\$ 6,499,957	\$0	\$9,467	\$ 6,509,424	1%	\$ 446.34
1998	5,924,957	0	1,122	5,926,079	1%	406.34
1999	5,344,947	0	0	5,344,947	1%	366.49
2000	5,087,528	0	0	5,087,528	1%	368.55
2001	4,844,671	0	0	4,844,671	1%	350.96
2002	4,613,840	676,000	0	5,289,840	1%	383.21
2003	4,389,624	1,329,400	0	5,719,024	1%	414.30
2004	4,194,994	1,235,400	0	5,430,394	1%	393.39
2005	3,554,994	1,141,400	0	4,696,394	1%	340.22
2006	2,984,994	1,047,400	0	4,032,394	1%	292.12

Port Clinton City School District
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1997	\$ 6,499,957	2.00	\$ 445.69
1998	5,924,957	1.55	406.26
1999	5,344,947	1.37	366.49
2000	5,087,528	1.29	368.55
2001	4,844,671	1.10	350.96
2002	4,613,840	1.05	334.24
2003	4,389,624	0.98	318.00
2004	4,194,994	0.83	303.90
2005	3,554,994	0.68	257.53
2006	2,984,994	0.57	216.24

Port Clinton City School District
Ratio of Debt
to Assessed Value and Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt		
				General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1997	14,584	a	\$ 325,305,608	\$ 6,499,957	2.00	\$ 445.69
1998	14,584	a	382,015,583	5,924,957	1.55	406.26
1999	14,584	a	390,470,727	5,344,947	1.37	366.49
2000	13,804	b	393,429,591	5,087,528	1.29	368.55
2001	13,804	b	441,369,730	4,844,671	1.10	350.96
2002	13,804	b	439,967,165	4,613,840	1.05	334.24
2003	13,804	b	446,665,568	4,389,624	0.98	318.00
2004	13,804	b	508,483,171	4,194,994	0.83	303.90
2005	13,804	b	521,065,509	3,554,994	0.68	257.53
2006	13,804	b	526,547,636	2,984,994	0.57	216.24

Sources: (1) U.S. Bureau of Census, Census of Population
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Office of the County Auditor, Ottawa County, Ohio

General Debt

General Bonded Debt Outstanding	Loans Payable	Total Debt	Ratio of General Debt to Estimated Actual Value	Percentage of Personal Income	General Debt Per Capita
\$ 6,499,957	\$ 0	\$6,499,957	0.02	1%	\$445.69
5,924,957	0	5,924,957	0.02	1%	406.26
5,344,947	0	5,344,947	0.01	1%	\$366.49
5,087,528	0	5,087,528	0.01	1%	368.55
4,844,671	0	4,844,671	0.01	1%	350.96
4,613,840	676,000	5,289,840	0.01	1%	383.21
4,389,624	1,329,400	5,719,024	0.01	1%	414.30
4,194,994	1,235,400	5,430,394	0.01	1%	393.39
3,554,994	1,141,400	4,696,394	0.01	1%	340.22
2,984,994	1,047,400	4,032,394	0.01	1%	292.12

Port Clinton City School District
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities*
June 30, 2006

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Ottawa County	\$16,767,200	34.96%	\$5,861,813
Port Clinton City	<u>\$1,120,812</u>	100.00%	<u>1,120,812</u>
 Total Overlapping Debt	 <u>\$17,888,012</u>		 <u>\$6,982,625</u>
 Direct Debt	 <u>3,089,734</u>	100.00%	 <u>3,089,734</u>
 Total Direct and Overlapping Debt	 <u><u>\$20,977,746</u></u>		 <u><u>\$10,072,359</u></u>

Source: Office of the Auditor, Ottawa County, Ohio

Port Clinton City School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Tax Valuation	<u>\$325,305,608</u>	<u>\$325,305,608</u>	<u>\$390,470,727</u>	<u>\$393,429,591</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>\$29,277,505</u>	<u>\$29,277,505</u>	<u>\$35,142,365</u>	<u>\$35,408,663</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	6,499,957	5,924,957	5,344,957	5,087,528
Capital Appreciations Bonds	0	0	0	0
House Bill Notes	0	0	0	0
Less: Amount Available in Debt Service	<u>(1,114,603)</u>	<u>(1,353,474)</u>	<u>(1,664,096)</u>	<u>(2,005,153)</u>
Total	5,385,354	4,571,483	3,680,861	3,082,375
Exemptions:				
House Bill Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>5,385,354</u>	<u>4,571,483</u>	<u>3,680,861</u>	<u>3,082,375</u>
Legal Debt Margin	<u>\$23,892,151</u>	<u>\$24,706,022</u>	<u>\$31,461,504</u>	<u>\$32,326,288</u>
Legal Debt Margin as a Percentage of the Debt Limit	81.61%	84.39%	89.53%	91.29%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$325,306	\$325,306	\$390,471	\$393,430
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$325,306</u>	<u>\$325,306</u>	<u>\$390,471</u>	<u>\$393,430</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Ottawa County Auditor and School District Financial Records

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

2001	2002	2003	2004	2005	2006
<u>\$441,369,730</u>	<u>\$439,967,165</u>	<u>\$446,665,568</u>	<u>\$508,483,171</u>	<u>\$521,065,509</u>	<u>\$526,547,636</u>
<u>\$39,723,276</u>	<u>\$39,597,045</u>	<u>\$40,199,901</u>	<u>\$45,763,485</u>	<u>\$46,895,896</u>	<u>\$47,389,287</u>
4,844,671	4,613,840	43,889,624	3,800,000	3,320,000	2,670,000
0	0	0	314,994	314,994	314,994
0	676,000	1,329,400	1,235,400	1,141,400	1,047,400
<u>(2,159,209)</u>	<u>(2,067,572)</u>	<u>(2,085,009)</u>	<u>(2,416,485)</u>	<u>(2,457,780)</u>	<u>(2,596,942)</u>
2,685,462	3,222,268	43,134,015	2,933,909	2,318,614	1,435,452
0	(676,000)	(1,329,400)	(1,235,400)	(1,141,400)	(1,047,400)
<u>2,685,462</u>	<u>2,546,268</u>	<u>41,804,615</u>	<u>1,698,509</u>	<u>1,177,214</u>	<u>388,052</u>
<u>\$37,037,814</u>	<u>\$37,050,777</u>	<u>(\$1,604,714)</u>	<u>\$44,064,976</u>	<u>\$45,718,682</u>	<u>\$47,001,235</u>
93.24%	93.57%	-3.99%	96.29%	97.49%	99.18%
\$441,370	\$439,967	\$446,666	\$508,483	\$521,066	\$526,548
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$441,370</u>	<u>\$439,967</u>	<u>\$446,666</u>	<u>\$508,483</u>	<u>\$521,066</u>	<u>\$526,548</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Port Clinton City School District
Demographic and Economic Statistics

Last Ten Years

Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
1997	14,584	\$526,964,000	\$36,133	7.90%
1998	14,584	571,401,000	39,180	7.60%
1999	14,584	579,918,000	39,764	7.80%
2000	13,804	565,577,000	40,972	7.90%
2001	13,804	343,272,000	24,868	8.90%
2002	13,804	569,746,000	41,274	9.00%
2003	13,804	594,248,000	43,049	9.50%
2004	13,804	592,702,000	42,937	9.60%
2005	13,804	592,702,000	42,937	8.10%
2006	13,804	592,702,000	42,937	7.80%

Sources: 1) US Census
2) Ohio Department of Taxation
3) Ottawa County

Port Clinton City School District

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
U.S. Gypsum Co.	Manufacturing	395	1	7.51%
Silgan Plastics Co.	Manufacturing	325	2	6.18%
H.B. Magruder Hospital	Health Care	317	3	6.03%
Walmart	Retail	200	4	3.80%
Fenner-Dunlap	Manufacturing	125	5	2.38%
Edgewood Manor Nursing Home	Health Care	94	6	1.79%
Ares, Inc.	Manufacturing	47	7	0.89%
Fellhauer Mechanical Systems	Construction	40	8	0.76%
Marineax	Retail	40	9	0.76%
O.C. Transportation Agency	Service	33	10	0.63%
Total		<u>1,616</u>		<u>30.73%</u>
Total Employment within the School District		<u>5,258</u>		

(1) Information relating to 1997 was not available.

Port Clinton City School District
School District Employees by Function/Program
Last Three Fiscal Years

Function/Program	2004	2005	2006
Regular Instruction			
Elementary Classroom Teachers	40	40	40
Middle School Classroom Teachers	18	18	18
High School Classroom Teachers	34	34	34
Special Instruction			
Elementary Classroom Teachers	5	5	5
Middle School Classroom Teachers	2	2	2
High School Classroom Teachers	4	4	4
Title I	4	5	4
Vocational Instruction			
Middle School	2	2	2
High School Classroom Teachers	5	5	5
Pupil Support Services			
Guidance Counselors	5	5	5
Aides	35	31	39
Psychologists	1	1	1
Nurse	4	4	4
Administrators			
Elementary	3	3	3
Middle School	1	1	1
High School	2	2	2
Operation of Plant			
Director	1	1	1
Custodians/Cleaning	18	18	18
Maintenance	4	4	4
Pupil Transportation			
Director	1	1	1
Bus Drivers	17	16	16
Bus Aides	4	6	6
Mechanics	2	2	2
Van Drivers	0	0	1
Food Service Program			
Director	1	1	1
Cooks/Servers	23	27	25

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Source: School District Records

Port Clinton City School District

*Operating Statistics
Last Four Fiscal Years*

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2003	\$ 19,150,478	1,906	\$ 10,047	16.00%	130	14.7
2004	19,247,689	1,901	10,125	0.77%	140	13.6
2005	20,399,317	1,930	10,570	4.39%	133	14.5
2006	21,164,492	1,870	11,318	7.08%	133	14.1

Source: School District Records. Expense information is not available prior to 2003.

Port Clinton City School District

*Building Statistics
Last Ten Fiscal Years*

	1997	1998	1999	2000
Jefferson Elementary School				
Constructed in 1950				
Total Building Square Footage 26,335				
Enrollment Grades K-6	294	276	264	284
Student Capacity	310	310	310	310
Regular Instruction Classrooms	17	16	16	16
Regular Instruction Teachers	17	16	16	16
Special Instruction Classrooms	2	2	2	2
Special Instruction Teachers	2	2	2	2
Bataan Elementary School				
Constructed in 1956				
Total Building Square Footage 43,350				
Enrollment Grades K-6	334	310	310	311
Student Capacity	347	347	347	347
Regular Instruction Classrooms	18	18	18	18
Regular Instruction Teachers	18	18	18	18
Special Instruction Classrooms	3	3	3	3
Special Instruction Teachers	3	3	3	3
Catawba Elementary				
Constructed in 1913				
Total Building Square Footage 19,850				
Enrollment Grades K-3	80	76	79	71
Student Capacity	159	159	159	159
Regular Instruction Classrooms	4	4	4	4
Regular Instruction Teachers	4	4	4	4
Special Instruction Classrooms	1	1	1	1
Special Instruction Teachers	1	1	1	1
Portage Elementary				
Constructed in 1921				
Total Building Square Footage 38,460				
Enrollment Grades K-6	274	266	232	233
Student Capacity	307	307	307	307
Regular Instruction Classrooms	13	13	12	12
Regular Instruction Teachers	13	13	12	12
Special Instruction Classrooms	3	3	3	3
Special Instruction Teachers	3	3	3	3

2001	2002	2003	2004	2005	2006
285	267	264	263	284	273
310	310	310	310	310	310
16	17	17	17	17	17
16	17	17	17	17	17
2	2	2	2	2	2
2	2	2	2	2	2
303	296	283	301	328	345
347	347	347	347	347	347
18	18	19	19	19	19
18	18	19	19	19	19
3	2	2	2	2	2
3	2	2	2	2	2
79	76	76	75	76	84
159	159	159	159	159	159
4	4	4	4	4	4
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
225	223	233	254	246	235
307	307	307	307	307	307
11	11	12	12	12	12
11	11	12	12	12	12
3	3	3	2	2	2
3	3	3	2	2	2

(Continued)

Port Clinton City School District

*Building Statistics
Last Ten Fiscal Years*

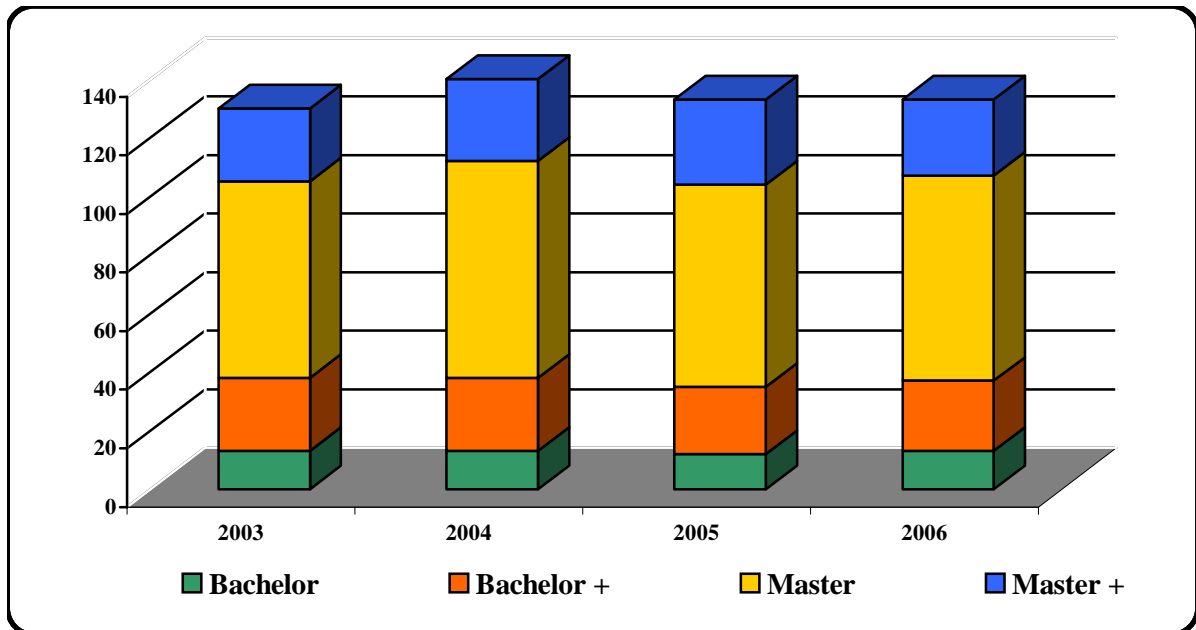
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Port Clinton Middle				
Constructed in 1922				
Total Building Square Footage 70,100				
Enrollment Grades 7th-8th	388	371	347	336
Student Capacity	464	464	464	464
Regular Instruction Classrooms	22	22	21	20
Regular Instruction Teachers	22	22	21	20
Special Instruction Classrooms	4	4	4	4
Special Instruction Teachers	4	4	4	4
 Port Clinton High School				
Constructed in 1963				
Total Building Square Footage 172,210				
Enrollment Grades 9th-12th	795	757	749	735
Student Capacity	1031	1031	1031	1031
Regular Instruction Classrooms	42	41	40	40
Regular Instruction Teachers	42	41	40	40
Special Instruction Classrooms	4	4	4	4
Special Instruction Teachers	4	4	4	4

Source: School District records.

2001	2002	2003	2004	2005	2006
318	338	322	289	292	262
464	464	464	464	464	464
19	19	18	18	18	18
19	19	18	18	18	18
4	4	4	4	4	4
4	4	4	4	4	4
704	673	651	678	628	556
1031	1031	1031	1031	1031	1031
39	37	34	34	34	34
39	37	34	34	34	34
4	4	4	4	4	4
4	4	4	4	4	4

Port Clinton City School District
Full-Time Equivalent Teachers by Education
Last Four Fiscal Years

Degree	2003	2004	2005	2006
Bachelor's Degree	13	13	12	13
Bachelor + 150	25	25	23	24
Master's Degree	67	74	69	70
Master + 30	25	28	29	26
Total	130	140	133	133



Source: School District Records. Information prior to 2003 is not available.



Mary Taylor, CPA
Auditor of State

PORT CLINTON CITY SCHOOL DISTRICT

OTTAWA 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
FEBRUARY 20, 2007**