

PORT CLINTON CITY SCHOOL DISTRICT

Audit Report

For the Year Ended June 30, 2004

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Education
Port Clinton City School District
431 Portage Dr.
Port Clinton, OH 43452

We have reviewed the Independent Auditor's Report of the Port Clinton City School District, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 28, 2005

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PORT CLINTON CITY SCHOOL DISTRICT
Audit Report
For the Year Ended June 30, 2004

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**OPINION ON SUPPLEMENTARY SCHEDULE
OF FEDERAL AWARDS EXPENDITURES**

**Board of Education
Port Clinton City School District
Port Clinton, Ohio**

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Port Clinton City School District (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 conducted 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 opinion.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Port Clinton City School District taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget, Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
December 30, 2004

PORT CLINTON CITY SCHOOL DISTRICT

Schedule of Federal Awards Expenditures

For The Year Ended June 30, 2004

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Education:</u>				
<i>Passed through the Ohio Department of Education:</i>				
Title I - Educationally Deprived Children	044651-C1-S1-03	84.010	\$ -	\$ 18,030
	044651-C1-S1-04	84.010	324,400	308,376
	044651-C1-S1-05	84.010	2,006	-
Total Title I - Educationally Deprived Children			326,406	326,406
Title VI B - Education of Handicapped	044651-6B-SF-03	84.027	124,757	121,948
	044651-6B-SF-04	84.027	143,528	174,327
Total Title VI B - Education of Handicapped			268,285	296,275
Safe and Drug-Free Schools and Communities	044651-DR-S1-04	84.186	5,667	10,717
Total Safe and Drug-Free Schools and Communities			5,667	10,717
Title VI - Innovative Education Program	044651-C2-S1-04	84.298	18,023	11,829
	044651-C2-S1-03	84.298	6,272	6,272
Total Title VI - Innovative Education Program			24,295	18,101
Title II-D Technology Literacy Challenge Grant	044651-TJ-S1-03	84.318	9,366	6,576
Total Title II-D Technology Literacy Challenge Grant			9,366	6,576
Title II-A Improving Teacher Quality State Grant	044651-TR-S1-04	84.367	112,294	118,870
Total Title II-A Improving Teacher Quality State Grant			112,294	118,870
Total U.S. Department of Education			\$ 746,313	\$ 776,945
<u>U.S. Department of Health and Human Services</u>				
Community Alternative Funding System	N/A	93.778	\$ 71,459	\$ 71,459
Total Community Alternative Funding System			71,459	71,459
Total U.S. Department of Health and Human Services			\$ 71,459	\$ 71,459
<u>U.S. Department of Agriculture:</u>				
<i>Passed through Ohio Department of Education:</i>				
Nutrition Cluster:				
Federal Donated Commodities	N/A	10.550	\$ 58,038	\$ 58,038
School Breakfast Program	044651-05-PU	10.553	26,635	26,635
National School Lunch Program	044651-LLP4	10.555	156,169	156,169
Total Nutrition Cluster			240,842	240,842
Total U.S. Department of Agriculture			\$ 240,842	240,842
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 987,155	\$ 1,089,246

See the notes to the Schedule of Federal Awards Expenditures

PORT CLINTON CITY SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had immaterial food commodities in inventory recorded in the Enterprise Fund.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Education
Port Clinton City School District
Port Clinton, Ohio**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Port Clinton City School District (the District) as of and for the year ended June 30, 2004 which collectively comprises the District's basic financial statements and have issued our report thereon dated December 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Controls Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated December 30, 2004.

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

Charles E. Harris & Associates, Inc.
December 30, 2004

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

**Board of Education
Port Clinton City School District
Port Clinton, Ohio**

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Charles E. Harris & Associates, Inc.
December 30, 2004

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**PORT CLINTON CITY SCHOOL DISTRICT
OTTAWA COUNTY
June 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

PORT CLINTON CITY SCHOOL DISTRICT
OTTAWA COUNTY
June 30, 2004

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report , as of June 30, 2003, included no material citations or recommendations.

Port Clinton City School District

Ottawa County, Ohio

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



Issued by:

Paul Lockwood, Treasurer
Treasurer's Office

Port Clinton City School District

Ottawa County, Ohio

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

Issued by:

Paul Lockwood, Treasurer
Treasurer's Office

Introductory Section



PORT CLINTON CITY SCHOOL DISTRICT

Comprehensive Annual Financial Report

For the year ended December 31, 2004

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PORT CLINTON CITY SCHOOL DISTRICT

Comprehensive Annual Financial Report

For the year ended December 31, 2004

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PORT CLINTON CITY SCHOOL DISTRICT
Comprehensive Annual Financial Report
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December 30, 2004

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, 2004 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 80.52% of the District is Residential/Agricultural, 19.46% is Commercial/Industrial and 0.02% is Public Utility.

The School District's 2004 population was 13,794. The District is the center of the Lake Erie vacation area and the hosts 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 1,900 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 four jointly governed organizations and two insurance purchasing pools. These organizations are the Northern Ohio Educational Computer Association, the Ottawa County Transportation Agency, the Sandusky-Ottawa Insurance Consortium, the Bay Area Gas Consortium, the Ohio Schools' Council, and the Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 13 and 14 to the basic financial statements.

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 800 workers. Brush-Wellman, Inc. a manufacturing concern between Oak Harbor and Elmore has 764 employees. Ottawa County government is the third largest employer with 660 workers.

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 2003, the District's assessed valuation was \$446,665,568 and for calendar year 2004 it was \$508,483,171.

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, 2004 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, 69.2 percent of the general fund revenue comes from real estate taxes on residential, commercial and industrial properties and tangible personal property taxpayers with 28.3 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 \$165,453 during the 2009 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

The Port Clinton City Schools is excited about future. In August 2003, voters approved a 3.89 mill emergency operating levy. With the success of this issue, the District will be able to accomplish a number of initiatives in the area of curriculum development, programming, and student services. The school community has recently put in action the "Agenda for Excellence" strategic plan. This blue print will be used to guide the District over the next several years. The Agenda for Excellence contains a brand new mission statement for the District.

“The mission of the Port Clinton City Schools is to inspire excellence in character and performance in every student by providing a safe, supportive and challenging environment, using community resources and enabling our students to positively impact society.”

During the planning stages for the Agenda for Excellence major efforts were geared toward enhancing, improving and refining educational opportunities offered to Port Clinton City School District students.

Strategies identified include:

- We will continue to form partnerships between schools, community and family to promote communication, cooperation, and community service.
- We will develop and implement a plan to improve student achievement through the best practices for teaching and learning.
- We will provide curriculum that meets the needs of every student and challenges each to the highest of his/her capability.
- We will continually incorporate advanced technology into all operations and the total learning environment of the school District.
- We will develop a short and long-range facility plan coordinating with public and private partners.
- We will develop, implement, and promote a health and wellness program within our school community.
- We will develop and implement an all inclusive integrated extracurricular and after school enrichment program emphasizing maximum involvement and excellent performance.
- We will monitor and evaluate our current programs and practices for efficient use of human and fiscal resources.

Outlook for the Future

For the future, the School District's overall focus will be to continue to improve the educational program for the benefit of student, parents, and community residents. The process will involve the evaluation of current programs the implementation of new programs. Over 200 people including; administrators, teachers, classified staff members, students, parents, community members and representatives from business and industry have been involved in this strategic planning effort. Specific initiatives to be implemented in 2004-05 include:

- Implement a Welcome Committee at each school to reach out and include new students and their families.
- Expand the programs and services on the school television channel and web site.
- Implement standard based educational instruction and align PCCS course study with the Ohio Academic Content Standards to improve student achievement.
- Create a blueprint to guide:
 - course of study development
 - selection of instructional strategies, programs and textbooks/materials
 - professional development for administrators and teachers that reflects research based best practices.
- Modify the District's school day and school year to increase opportunities for student learning and to increase opportunities for ongoing professional development for administrators and teachers to improve student achievement.

- Update course content in the Technology Department to reflect current technology.
- Rewrite the high school Registration Guide.
- Implement a technology curriculum that involves keyboarding at grade 4, productivity at grade 5, and multi-media instruction at grade 6.
- Establish a District process to coordinate and implement immediate professional development with the District's technology efforts.
- Continue to offer local technology grant writing opportunities to District teachers.
- Establish an active Health and Wellness Advisory Council.
- To develop and implement an enrichment non-athletic program for 1-12.
- Implement a debit card system for the cafeteria.
- Establish a scheduling system at the high school that will provide greater flexibility for all students and make more efficient use of personnel.
- Reduce our transportation costs by 10% while maintaining safety considerations and environmental citizenship.
- Facilities Master Plan – The “Agenda for Excellence” identified the evaluation and assessment of our current facilities as one of our most important issues facing the district the next five years. Our community facilities team has made the following draft recommendations regarding this plan.
 - Reduce the number of elementary schools from four to two.
 - Create a new middle school with a 6-8 grade configuration.
 - Renovate the existing high school including facilities that would be available for community use.
 - All vacated buildings should be razed and not sold.

The projected cost of the plan as proposed is approximately \$35 million.

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.

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 fund 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 2004 for all District funds was \$85,140. 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 2004, the District contracted with various insurance companies for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 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 \$250 deductible and a \$2,000,000 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 13 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 2004. 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 9 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, 2004, Charles E. Harris & 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 year ended June 30, 2003 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 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 Paul Lockwood, Treasurer/Chief Financial Officer. We are also grateful for the services of Jo Ellen Regal, Ottawa County Auditor, Walter Wehenkel Jr., Regional Planning Director, Kurt Hedman, Port Clinton Middle School, and Randy Chismar, Senior Auditor at Charles E. Harris and Associates 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, 2005
<i>Walter Wehenkel, Member</i>	December 31, 2005
<i>Mark May, Member</i>	December 31, 2005
<i>Michael Bassett Jr., Member</i>	December 31, 2007

Superintendent of Schools

The Superintendent is the executive officer of the District and is responsible for administering policies adopted by the Board of Education. The superintendent is expected to provide leadership in all phases of policy formulation and is the chief advisory to the Board on all aspects of the educational program and total operation of the District. The Board appointed Patrick D. Adkins, Superintendent of the Port Clinton City School District effective August 25, 2004. His employment contract expires on July 31, 2007.

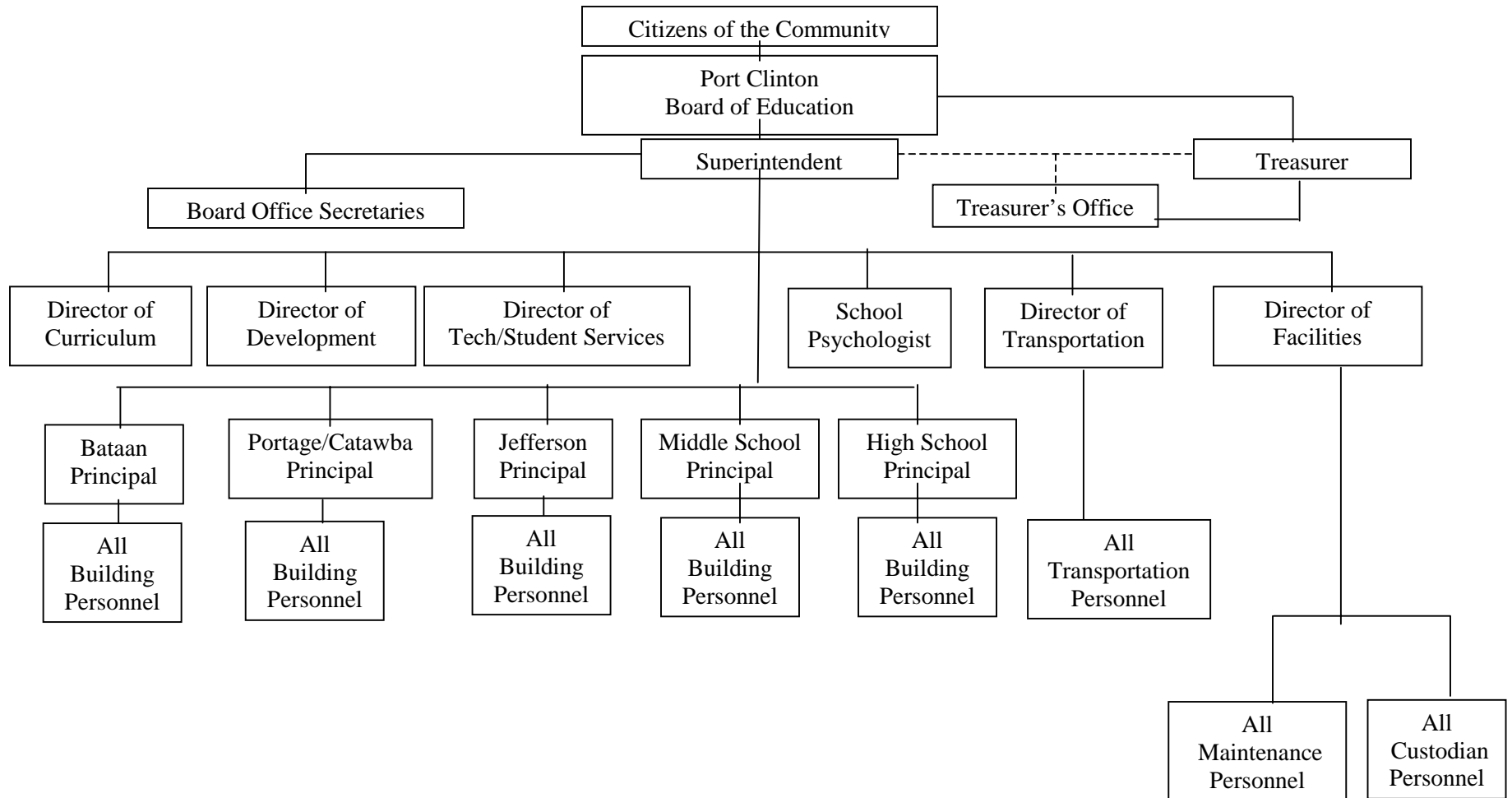
Treasurer/Chief Financial Officer

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, 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
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, 2003

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



Nancy L. Zielle

President

Jeffrey R. Emery

Executive Director

Financial Section



Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Education
Port Clinton City School District
Port Clinton, Ohio**

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

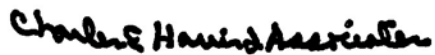
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



Charles E. Harris & Associates, Inc.
December 30, 2004

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The discussion and analysis of Port Clinton City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

Overall:

- For governmental activities, net assets increased \$960,705, which represents an 18 percent increase from 2003. Net assets of business-type related activities decreased \$26,731 or over 100 percent from 2003.
- General revenues accounted for \$18.1 million in revenue or 92.2 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1.5 million or 7.8 percent of total governmental revenues of \$19.6 million.
- The District had \$18.6 million in expenses related to governmental activities; only \$1.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18.1 million were adequate to provide for these programs.
- Among major funds, the general fund had \$17.0 million in revenues and \$16.1 million in expenditures. The general fund's fund balance increased to \$3.7 million from \$2.8 million. The District is in the early cycle of a recently passed tax levy, which will contribute to the stabilizing of the general fund.
- Net assets for enterprise funds decreased to -\$20 thousand from \$6 thousand. Total enterprise expenditures were \$631 thousand; only \$604 thousand of these expenses were offset by program specific charges for services, grants or contributions. Management increased pricing of food service items, but the increases were insufficient to meet expenses.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

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* provides 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.

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 2004?" 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.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 16. 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 Most 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The District as a Whole

Governmental Activities

Table 1 shows net assets for fiscal year 2004 compared to 2003.

	Net Assets (In Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and Other Assets	\$ 17.88	\$ 16.00	\$ 0.02	\$ 0.04	\$ 17.90	\$ 16.04
Capital Assets	5.62	5.81	-	-	5.62	5.81
<i>Total Assets</i>	<u>23.50</u>	<u>21.81</u>	<u>0.02</u>	<u>0.04</u>	<u>23.52</u>	<u>21.85</u>
Liabilities:						
Current Liabilities	10.30	9.63	0.04	0.04	10.34	9.67
Long-term Liabilities	6.90	6.84	-	-	6.90	6.84
<i>Total Liabilities</i>	<u>17.20</u>	<u>16.47</u>	<u>0.04</u>	<u>0.04</u>	<u>17.24</u>	<u>16.51</u>
Net Assets:						
Invested in Capital Assets	0.18	2.40	-	-	0.18	2.40
Restricted	3.08	3.31	-	-	3.08	3.31
Unrestricted	3.04	(0.37)	(0.02)	-	3.02	(0.37)
<i>Total Net Assets</i>	<u>\$ 6.30</u>	<u>\$ 5.34</u>	<u>\$ (0.02)</u>	<u>\$ -</u>	<u>\$ 6.28</u>	<u>\$ 5.34</u>

The District's net assets increased by \$0.94 million during the current fiscal year, largely due to the newly approved operating levy, which stabilized the General fund.

Governmental Activities

Governmental activities increased the District's net assets by \$0.96 million, thereby accounting for over 100 percent of the total growth in net assets of the District. Key elements of this increase are as follows:

- Property taxes increased by \$2.3 million (21 percent) during the year. Most of this increased is the product of a newly approved general tax levy for general fund that increased \$2.1 million.
- Operating grants for governmental activities increased by \$390 thousand, mostly as a result of an increase funding in state and federal programs during the current fiscal year.

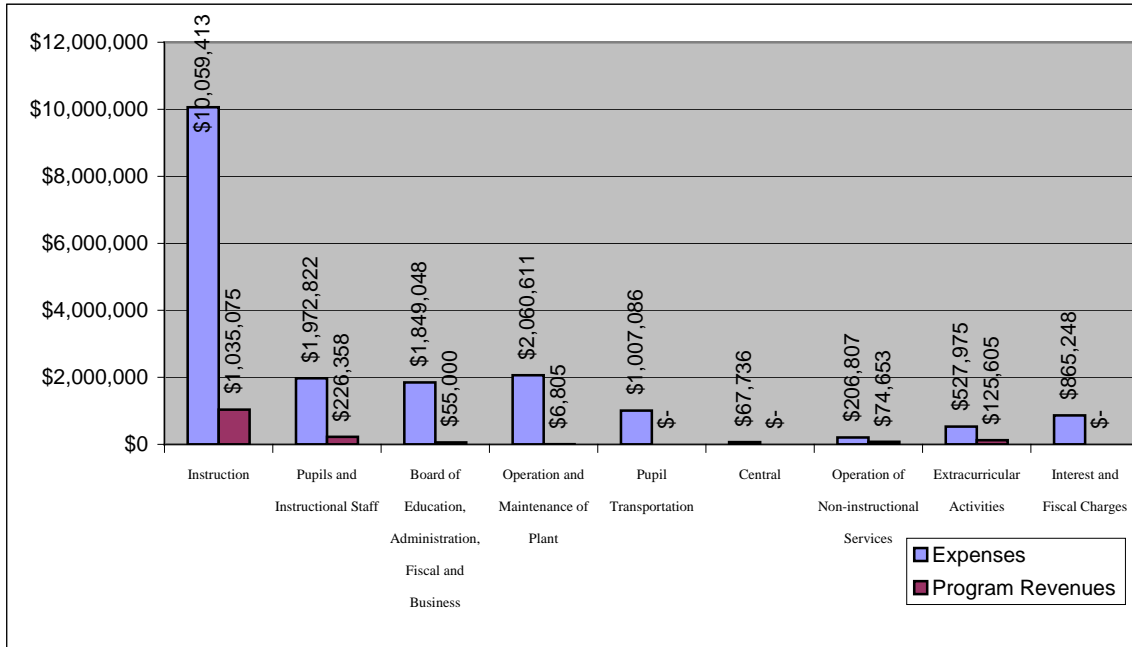
Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 2
Changes in Net Assets

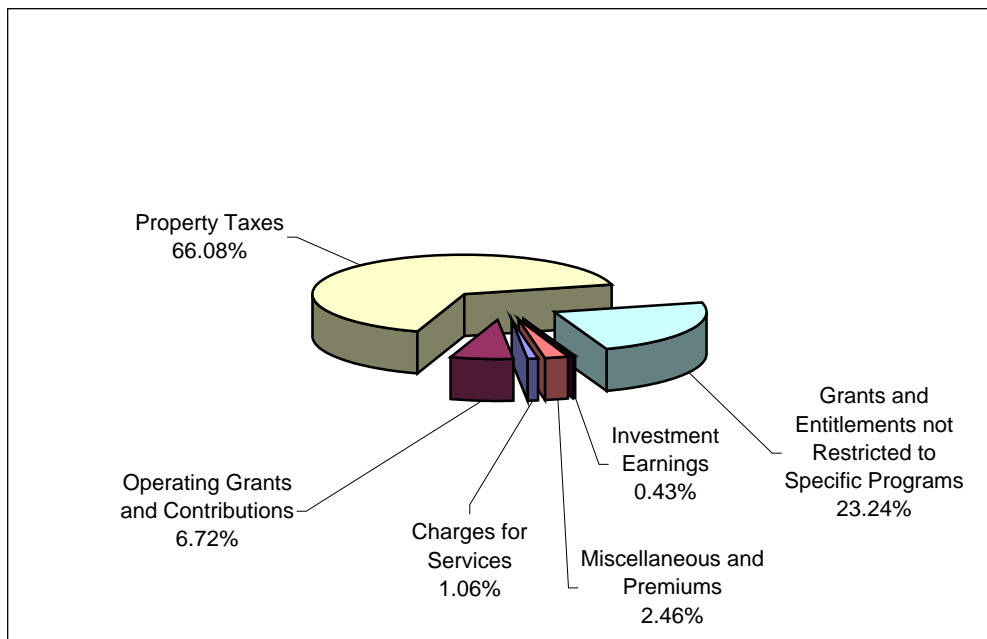
	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Revenue:						
Program Revenues:						
Charges for Services and Sales	\$ 207,362	\$ 109,230	\$ 330,577	\$ 324,089	\$ 537,939	\$ 433,319
Operating Grants and Contributions	1,316,134	450,173	273,635	232,543	1,589,769	682,716
General Revenues:						
Property Taxes	12,937,094	10,686,362	-	-	12,937,094	10,686,362
Grants and Entitlements	4,550,036	5,123,349	-	-	4,550,036	5,123,349
Investment Earnings	85,058	159,821	-	195	85,058	160,016
Premium on Bonds	292,847	-	-	-	292,847	-
Gain on the Sale of Assets	-	4,521	-	-	-	4,521
Refund of Prior Year Expenditures	-	58,462	-	-	-	58,462
Other Non-Operating Revenues	-	31,173	-	-	-	31,173
Miscellaneous	188,920	268,125	-	-	188,920	268,125
Total Revenues	19,577,451	16,891,216	604,212	556,827	20,181,663	17,448,043
Expenses:						
Instruction:						
Regular	7,644,195	8,279,767	-	-	7,644,195	8,279,767
Special	1,888,795	2,044,738	-	-	1,888,795	2,044,738
Vocational	96,417	120,003	-	-	96,417	120,003
Other	430,006	429,752	-	-	430,006	429,752
Support Services:						
Pupils	1,576,735	1,452,659	-	-	1,576,735	1,452,659
Instructional Staff	396,087	376,684	-	-	396,087	376,684
Board of Education	12,079	15,826	-	-	12,079	15,826
Administration	1,571,627	1,301,249	-	-	1,571,627	1,301,249
Fiscal	265,342	243,313	-	-	265,342	243,313
Operation and Maintenance of Plant	2,060,611	1,873,713	-	-	2,060,611	1,873,713
Pupil Transportation	1,007,086	960,795	-	-	1,007,086	960,795
Central	67,736	45,870	-	-	67,736	45,870
Operation of Non-instructional Services	206,807	172,005	-	-	206,807	172,005
Extracurricular Activities	527,975	533,785	-	-	527,975	533,785
Food Services	-	-	630,943	581,575	630,943	581,575
Interest and fiscal charges	865,248	718,744	-	-	865,248	718,744
Total Expenses	18,616,746	18,568,903	630,943	581,575	19,247,689	19,150,478
Changes in net assets	960,705	(1,677,687)	(26,731)	(24,748)	933,974	(1,702,435)
Beginning Net Assets	5,341,646	8,781,510	6,425	109,758	5,348,071	8,891,268
Ending Net Assets	\$ 6,302,351	\$ 7,103,823	\$ (20,306)	\$ 85,010	\$ 6,282,045	\$ 7,188,833

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Expenses and Program Revenues – Governmental Activities



Revenues by Sources – Governmental Activities



Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

For the most part, expenses closely paralleled the prior year figures. The new operating levy was approved to alleviate the negative cash flow from the prior years and to continue to fund existing programs.

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 2004, a slight increase from prior years.

Business-Type Activities

Business-type activities decreased the District's net assets by \$26,731. This was over 100 percent decrease from the following year. The main reason for the decrease was the increased salaries and healthcare in the food service department versus a similar rise in the revenues. The District increased the food service rates but this increase was not enough to offset the rising costs.

The Financial Analysis of the Governmental Funds

Information about the District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$24.2 million, including other financing sources and expenditures of \$23.4 million, including other financing uses. The net change in fund balance for the year was most significant in the General Fund, where the General Fund fund balance increased by \$.96 million for fiscal year 2004.

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.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

During the course of fiscal year 2004 the District amended its General Fund budget 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 2004, 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

As described in Note 7, the District's ending 2003 capital asset balances were restated at the beginning of fiscal year 2004 due to the District changing their capitalization amount from \$500 to \$5,000.

At the end of fiscal year 2004, the District had \$5.62 million (net) invested in land, buildings, equipment and vehicles, \$5.62 million (net) in governmental activities.

Table 3 shows fiscal 2004 net fixed asset balances for governmental type activities and business-type activities compared to the prior fiscal year.

Table 3

Capital Assets
(Net of Accumulated Depreciation)

	<u>Governmental Type Activities</u>		<u>Business-Type Activities</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land and Improvements	\$58,517	\$58,517	\$0	\$0
Buildings	2,854,524	2,965,510	0	0
Equipment and Vehicles	<u>2,702,111</u>	<u>2,790,169</u>	<u>4,467</u>	<u>28,449</u>
Totals	<u>\$5,615,152</u>	<u>5,814,196</u>	<u>\$4,467</u>	<u>\$28,449</u>

The decrease in capital assets is due to the District recognizing \$256,368 in depreciation expense for 2004, offset by \$165,079 in acquisitions. These acquisitions were distributed among furniture and equipment and vehicles. The District also retired \$151,140 of capital assets. The District continued its ongoing commitment to maintaining and improving its fixed assets.

Port Clinton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Ohio law required districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks. The District maintained an \$86,386 budgetary stabilization reserve.

Debt

Currently, the District has \$5,430,394 of Notes/Bonds Payable at June 30, 2004. For additional detail, see Note 12.

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 2004, 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 2004, 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.

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

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 second 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, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Investments	\$ 6,696,550	\$ 2,369	\$ 6,698,919
Cash and Cash Equivalents in Segregated Accounts			
In Segregated Accounts	8,850	-	8,850
Receivables:			
Taxes	10,898,460	-	10,898,460
Accounts	9,743	4,730	14,473
Intergovernmental	225,944	23,200	249,144
Internal Balances	34,597	(34,597)	-
Prepaid Assets	12,734	365	13,099
Inventory Held for Resale	-	15,299	15,299
Materials and Supplies Inventory	-	1,006	1,006
Nondepreciable Capital Assets	58,517	-	58,517
Depreciable Capital Assets, Net	<u>5,556,635</u>	<u>4,467</u>	<u>5,561,102</u>
<i>Total Assets</i>	<u>\$ 23,502,030</u>	<u>\$ 16,839</u>	<u>\$ 23,518,869</u>
Liabilities			
Accounts Payable	\$ 166,618	\$ 50	\$ 166,668
Accrued Wages and Benefits	1,193,205	20,932	1,214,137
Intergovernmental Payable	12,164	313	12,477
Unearned Revenue	8,929,199	15,850	8,945,049
Long-Term Liabilities:			
Due Within One Year	1,497,751	-	1,497,751
Due Within More Than One Year	<u>5,400,742</u>	<u>-</u>	<u>5,400,742</u>
<i>Total Liabilities</i>	<u>\$ 17,199,679</u>	<u>\$ 37,145</u>	<u>\$ 17,236,824</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 184,758	\$ 4,467	\$ 189,225
Restricted for:			
Capital Projects	129,132	-	129,132
Debt Service	2,444,559	-	2,444,559
Other Purposes	501,727	-	501,727
Unrestricted (Deficit)	<u>3,042,175</u>	<u>(24,773)</u>	<u>3,017,402</u>
<i>Total Net Assets</i>	<u>\$ 6,302,351</u>	<u>\$ (20,306)</u>	<u>\$ 6,282,045</u>

See accompanying notes to the basic financial statements

Port Clinton City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Instruction:			
Regular	\$ 7,644,195	\$ 81,757	\$ 554,441
Special	1,888,795	-	398,877
Vocational	96,417	-	-
Other	430,006	-	-
Support Services:			
Pupils	1,576,735	-	226,358
Instructional Staff	396,087	-	-
Board of Education	12,079	-	-
Administration	1,571,627	-	55,000
Fiscal	265,342	-	-
Operation and Maintenance of Plant	2,060,611	-	6,805
Pupil Transportation	1,007,086	-	-
Central	67,736	-	-
Operation of Non-Instructional Services	206,807	-	74,653
Extracurricular Activities	527,975	125,605	-
Interest and Fiscal Charges	865,248	-	-
<i>Total Governmental Activities</i>	<u>18,616,746</u>	<u>207,362</u>	<u>1,316,134</u>
Business-Type Activities			
Food Service	630,943	330,577	273,635
<i>Total Business-Type Activities</i>	<u>630,943</u>	<u>330,577</u>	<u>273,635</u>
<i>Totals</i>	<u>\$ 19,247,689</u>	<u>\$ 537,939</u>	<u>\$ 1,589,769</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Capital Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Premiums on Bonds

Miscellaneous

Total General Revenues

Changes in Net Assets

Net Assets Beginning of Year - As Restated, See Note 19

Net Assets End of Year

See accompany notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (7,007,997)	\$ -	\$ (7,007,997)
(1,489,918)	-	(1,489,918)
(96,417)	-	(96,417)
(430,006)	-	(430,006)
(1,350,377)	-	(1,350,377)
(396,087)	-	(396,087)
(12,079)	-	(12,079)
(1,516,627)	-	(1,516,627)
(265,342)	-	(265,342)
(2,053,806)	-	(2,053,806)
(1,007,086)	-	(1,007,086)
(67,736)	-	(67,736)
(132,154)	-	(132,154)
(402,370)	-	(402,370)
(865,248)	-	(865,248)
<u>(17,093,250)</u>	<u>-</u>	<u>(17,093,250)</u>
-	(26,731)	(26,731)
-	(26,731)	(26,731)
<u>\$ (17,093,250)</u>	<u>\$ (26,731)</u>	<u>\$ (17,119,981)</u>
\$ 12,011,958	\$ -	\$ 12,011,958
752,994	-	752,994
172,142	-	172,142
4,550,036	-	4,550,036
85,058	-	85,058
292,847	-	292,847
188,920	-	188,920
<u>18,053,955</u>	<u>-</u>	<u>18,053,955</u>
960,705	(26,731)	933,974
<u>5,341,646</u>	<u>6,425</u>	<u>5,348,071</u>
<u>\$ 6,302,351</u>	<u>\$ (20,306)</u>	<u>\$ 6,282,045</u>

Port Clinton City School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 3,597,599	\$ 2,321,908	\$ 690,657	\$ 6,610,164
Cash and Cash Equivalents:				
In Segregated Accounts	5,000	-	3,850	8,850
Restricted Assets:				
Cash and Cash Equivalents	86,386	-	-	86,386
Receivables:				
Taxes	10,108,603	584,552	169,587	10,862,742
Accounts	9,743	-	-	9,743
Intergovernmental	-	-	225,944	225,944
Interfund Receivables	253,475	-	-	253,475
Prepaid Items	11,826	-	908	12,734
	<u>14,072,632</u>	<u>2,906,460</u>	<u>1,090,946</u>	<u>18,070,038</u>
<i>Total Assets</i>				
	<u>14,072,632</u>	<u>2,906,460</u>	<u>1,090,946</u>	<u>18,070,038</u>
Liabilities				
Accounts Payable	158,111	-	8,507	166,618
Accrued Wages and Benefits	1,138,087	-	55,118	1,193,205
Compensated Absences Payable	24,875	-	270	25,145
Pension Obligation Payable	286,596	-	-	286,596
Interfund Payable	-	-	218,878	218,878
Intergovernmental Payable	11,214	-	950	12,164
Deferred Revenue	8,731,274	489,975	138,989	9,360,238
	<u>10,350,157</u>	<u>489,975</u>	<u>422,712</u>	<u>11,262,844</u>
<i>Total Liabilities</i>				
	<u>10,350,157</u>	<u>489,975</u>	<u>422,712</u>	<u>11,262,844</u>
Fund Balances				
Reserved for:				
Encumbrances	446,110	-	268,517	714,627
Prepaid Items	11,826	-	965	12,791
Property Taxes	1,377,329	94,577	30,598	1,502,504
Budget Stabilization	86,386	-	-	86,386
Undesignated, Reported in:				
General Fund	1,800,824	-	-	1,800,824
Special Revenue Funds	-	-	322,710	322,710
Debt Service Funds	-	2,321,908	-	2,321,908
Capital Projects Funds	-	-	45,444	45,444
	<u>3,722,475</u>	<u>2,416,485</u>	<u>668,234</u>	<u>6,807,194</u>
<i>Total Fund Balances</i>				
	<u>3,722,475</u>	<u>2,416,485</u>	<u>668,234</u>	<u>6,807,194</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 14,072,632</u>	<u>\$ 2,906,460</u>	<u>\$ 1,090,946</u>	<u>\$ 18,070,038</u>

See accompany notes to the basic financial statements

Port Clinton City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances \$ 6,807,194

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 5,615,152

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

Pension Obligation	(360,792)
Compensated Absences	(795,566)
Deferred Revenue	466,757
General Obligation Bonds Payable	(4,194,994)
Notes Payable	<u>(1,235,400)</u>

Total (6,119,995)

Net Assets of Governmental Activities \$ 6,302,351

See accompany notes to the basic 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, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 12,092,698	\$ 751,195	\$ 186,967	\$ 13,030,860
Intergovernmental	4,710,644	84,158	1,071,368	5,866,170
Interest	84,434	-	624	85,058
Tuition	86,877	-	-	86,877
Extracurricular Activities	-	-	125,605	125,605
Classroom Materials and Fees	28,889	-	52,868	81,757
Miscellaneous	40,923	-	165,489	206,412
<i>Total Revenues</i>	<u>17,044,465</u>	<u>835,353</u>	<u>1,602,921</u>	<u>19,482,739</u>
Expenditures				
Current:				
Instruction:				
Regular	7,424,683	-	505,836	7,930,519
Special	1,390,637	-	448,769	1,839,406
Vocational	96,417	-	-	96,417
Other	430,006	-	-	430,006
Support Services:				
Pupils	1,254,662	-	265,671	1,520,333
Instructional Staff	379,580	-	18,836	398,416
Board of Education	12,079	-	-	12,079
Administration	1,436,737	-	68,916	1,505,653
Fiscal	273,191	-	-	273,191
Operation and Maintenance of Plant	1,941,180	-	66,297	2,007,477
Pupil Transportation	889,173	-	10,013	899,186
Central	48,977	-	18,106	67,083
Operation of Non-Instructional Services	-	-	207,076	207,076
Extracurricular Activities	327,432	-	191,233	518,665
Capital Outlay	37,957	-	223,787	261,744
Debt Service:				
Principal Retirement	-	174,000	-	174,000
Interest and Fiscal Charges	-	865,248	-	865,248
<i>Total Expenditures</i>	<u>15,942,711</u>	<u>1,039,248</u>	<u>2,024,540</u>	<u>19,006,499</u>
<i>Excess of Revenue Over/(Under) Expenditures</i>	<u>1,101,754</u>	<u>(203,895)</u>	<u>(421,619)</u>	<u>476,240</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	3,386	-	-	3,386
Premium on Bonds	-	292,847	-	292,847
Proceeds of Refunding Debt	-	4,274,994	-	4,274,994
Payment to Refunded Debt Escrow Agent	-	(4,274,994)	-	(4,274,994)
Transfer In	-	152,186	1,491	153,677
Transfer Out	(148,686)	-	(4,991)	(153,677)
<i>Total Other Financing Sources (Uses)</i>	<u>(145,300)</u>	<u>445,033</u>	<u>(3,500)</u>	<u>296,233</u>
<i>Net Change in Fund Balances</i>	956,454	241,138	(425,119)	772,473
<i>Fund Balances Beginning of Year</i>	<u>2,766,021</u>	<u>2,175,347</u>	<u>1,093,353</u>	<u>6,034,721</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,722,475</u>	<u>\$ 2,416,485</u>	<u>\$ 668,234</u>	<u>\$ 6,807,194</u>

See accompany notes to the basic financial statements

Port Clinton City School District
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in the Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ 772,473

***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 these
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.

Fixed Assets Additions (Deletions)	13,939	
Current Year Depreciation	<u>(212,983)</u>	

Total		(199,044)
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Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds.

Taxes	<u>(93,766)</u>	
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Total		(93,766)
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Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

174,000

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

Pension Obligation Payable	91,218	
Compensated Absences Payable	91,392	
Deferred Revenue	<u>124,432</u>	

Total		<u>307,042</u>
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<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ 960,705</u></u>
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See accompany notes to the basic financial statements

Port Clinton City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 9,642,000	\$ 11,399,890	\$ 11,500,025	\$ 100,135
Intergovernmental	4,354,438	4,865,993	4,710,644	(155,349)
Interest	76,016	84,946	82,234	(2,712)
Tuition	80,308	89,742	86,877	(2,865)
Classroom Materials and Fees	27,194	30,389	29,419	(970)
Miscellaneous	32,280	36,073	34,921	(1,152)
Total Revenues	14,212,236	16,507,033	16,444,120	(62,913)
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	\$ 1,452,575	\$ 5,701,137	\$ 5,624,830	\$ 76,307
Fringe Benefits	363,750	1,598,365	1,486,197	112,168
Purchased Services	24,665	157,258	52,014	105,244
Materials and Supplies	82,245	279,787	190,534	89,253
Capital Outlay - New	35,568	145,634	92,421	53,213
Total Regular	1,958,803	7,882,181	7,445,996	436,185
Special:				
Salaries and Wages	158,075	695,500	648,961	46,539
Fringe Benefits	39,125	170,604	170,604	-
Purchased Services	5,750	21,000	-	21,000
Materials and Supplies	1,000	2,000	1,586	414
Other	162,500	926,033	441,703	484,330
Total Special	366,450	1,815,137	1,262,854	552,283
Vocational:				
Salaries and Wages	22,000	81,650	77,254	4,396
Fringe Benefits	5,625	20,800	16,878	3,922
Purchased Services	2,525	15,162	4,853	10,309
Materials and Supplies	500	1,500	-	1,500
Total Vocational	30,650	119,112	98,985	20,127
Other:				
Purchased Services	60,250	464,778	277,056	187,722
Other	56,250	227,342	143,079	84,263
Total Other	116,500	692,120	420,135	271,985
Total Instruction	2,472,403	10,508,550	9,227,970	1,280,580
Support Services:				
Pupils:				
Salaries and Wages	229,475	987,320	952,474	34,846
Fringe Benefits	68,525	282,854	279,695	3,159
Purchased Services	12,425	34,314	17,975	16,339
Materials and Supplies	2,625	8,766	2,408	6,358
Capital Outlay - New	625	2,250	758	1,492
Total Pupils	313,675	1,315,504	1,253,310	62,194
Instructional Staff:				
Salaries and Wages	\$ 51,450	\$ 277,550	\$ 270,361	\$ 7,189
Fringe Benefits	14,900	69,042	69,042	-
Purchased Services	8,481	37,545	10,590	26,955
Materials and Supplies	10,082	40,155	25,293	14,862
Capital Outlay - New	2,753	8,805	6,665	2,140
Total Instructional Staff	87,666	433,097	381,951	51,146

(continued)

Port Clinton City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Board of Education:				
Salaries and Wages	2,500	10,560	4,000	6,560
Fringe Benefits	575	1,950	1,231	719
Purchased Services	2,500	9,224	4,810	4,414
Materials and Supplies	-	284	284	-
Other	-	3,396	3,396	-
Total Board of Education	5,575	25,414	13,721	11,693
Administration:				
Salaries and Wages	268,075	1,077,635	866,206	211,429
Fringe Benefits	72,325	339,480	260,855	78,625
Purchased Services	69,025	398,200	247,765	150,435
Materials and Supplies	7,251	41,903	23,736	18,167
Capital Outlay - New	4,397	15,367	8,964	6,403
Capital Outlay - Replacement	800	3,429	2,498	931
Other	8,000	43,690	35,756	7,934
Total Administration	429,873	1,919,704	1,445,780	473,924
Fiscal:				
Salaries and Wages	45,500	205,000	171,624	33,376
Fringe Benefits	15,600	82,375	46,604	35,771
Purchased Services	4,025	36,310	26,146	10,164
Materials and Supplies	1,875	133,140	4,367	128,773
Capital Outlay - New	500	4,141	2,443	1,698
Other	6,250	26,775	21,151	5,624
Total Fiscal	73,750	487,741	272,335	215,406
Operation and Maintenance of Plant:				
Salaries and Wages	223,750	923,493	921,098	2,395
Fringe Benefits	71,375	340,531	297,604	42,927
Purchased Services	184,000	924,857	625,833	299,024
Materials and Supplies	26,750	289,788	137,460	152,328
Capital Outlay - New	2,125	20,500	3,439	17,061
Capital Outlay - Replacement	2,500	10,000	9,175	825
Other	1,250	8,435	3,516	4,919
Total Operation and Maintenance of Plant	511,750	2,517,604	1,998,125	519,479
Pupil Transportation:				
Salaries and Wages	126,925	553,383	516,409	36,974
Fringe Benefits	45,275	193,594	179,295	14,299
Purchased Services	22,950	80,005	47,445	32,560
Materials and Supplies	19,625	109,223	78,461	30,762
Capital Outlay - New	4,750	19,084	14,084	5,000
Capital Outlay - Replacement	27,500	203,744	53,744	150,000
Total Pupils Transportation	247,025	1,159,033	889,438	269,595
Central:				
Salaries and Wages	-	35,068	33,383	1,685
Fringe Benefits	-	12,408	12,408	-
Total Central	-	47,476	45,791	1,685
Total Support Services	1,669,314	7,905,573	6,300,451	1,605,122

(continued)

Port Clinton City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	\$ 5,750	\$ 15,123	\$ 14,394	\$ 729
Fringe Benefits	750	4,054	4,054	-
Total Academic and Subject Oriented Activities	6,500	19,177	18,448	729
Occupation Oriented Activities:				
Salaries and Wages	1,150	1,000	-	1,000
Fringe Benefits	200	1,000	735	265
Total Occupation Oriented Activities	1,350	2,000	735	1,265
Sports Oriented Activities:				
Salaries and Wages	46,001	244,208	244,208	-
Fringe Benefits	5,875	37,504	37,504	-
Purchased Services	125	500	403	97
Total Sports Oriented Activities	52,001	282,212	282,115	97
Co-Curricular Activities:				
Salaries and Wages	4,000	16,900	16,616	284
Fringe Benefits	550	2,224	2,224	-
Total Co-Curricular Activities	4,550	19,124	18,840	284
Total Extracurricular Activities	64,401	322,513	320,138	2,375
Capital Outlay				
Architectures and Engineering:				
Purchased Services	-	10,524	-	10,524
Total Architectures and Engineering	-	10,524	-	10,524
Building Acquisition and Construction:				
Purchased Services	9,250	42,533	37,957	4,576
Total Building Acquisition and Construction	9,250	42,533	37,957	4,576
Total Capital Outlay	9,250	53,057	37,957	15,100
Total Expenditures	\$ 4,215,368	\$ 18,789,693	\$ 15,886,516	\$ 2,903,177
Excess of Revenues Over/(Under) Expenditures	9,996,868	(2,282,660)	557,604	2,840,264
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	-	-	3,386	3,386
Refund of Prior Year Expenditures	-	-	4,008	4,008
Advances In	139,313	139,313	139,313	-
Advances Out	(12,500)	(262,000)	(261,760)	240
Transfers Out	(56,875)	(160,074)	(160,927)	(853)
Total Other Financing Sources (Uses)	69,938	(282,761)	(275,980)	6,781
Net Change in Fund Balance	10,066,806	(2,565,421)	281,624	2,847,045
Fund Balance at The Beginning of Year	3,244,981	3,244,981	3,244,981	-
Prior Year Encumbrances Appropriated	446,110	446,110	446,110	-
Fund Balance at The End of Year	\$ 13,757,897	\$ 1,125,670	\$ 3,972,715	\$ 2,847,045

See accompany notes to the basic financial statements

Port Clinton Local School District
Statement of Fund Assets
Proprietary Funds
June 30, 2004

	<u>Business- Type Activities - Enterprise Fund</u>	<u>Food Service</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,369	
Receivables:		
Accounts	4,730	
Intergovernmental	23,200	
Prepaid Items	365	
Inventory Held For Resale	15,299	
Materials and Supplies Inventory	<u>1,006</u>	
<i>Total Current Assets</i>	46,969	
Capital Assets, Net	<u>4,467</u>	
<i>Total Assets</i>	<u><u>51,436</u></u>	
Liabilities		
Accounts Payable	50	
Accrued Wages	20,932	
Interfund Payable	34,597	
Intergovernmental Payable	313	
Deferred Revenue	<u>15,850</u>	
<i>Total Liabilities</i>	71,742	
Net Assets		
Invested in Capital Assets	4,467	
Unrestricted	<u>(24,773)</u>	
<i>Total Net Assets (Deficit)</i>	<u><u>\$ (20,306)</u></u>	

See accompanying notes to the basic financial statements

Port Clinton Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004*

	Business- Type Activities - Enterprise Fund
	Food Service
Operating Revenues	
Food Services	\$ 330,577
<i>Total Operating Revenues</i>	330,577
Operating Expenses	
Salaries	236,421
Fringe Benefits	89,445
Purchased Services	29,431
Materials and Supplies	251,409
Depreciation	23,982
Other	255
<i>Total Operating Expenses</i>	630,943
<i>Operating Income (Loss)</i>	(300,366)
Non-Operating Revenues (Expenses)	
Federal Donated Commodities	58,038
Intergovernmental	215,597
<i>Total Non-Operating Revenues</i>	273,635
<i>Change in Net Assets</i>	(26,731)
<i>Net Assets (Deficit) Beginning of Year</i>	6,425
<i>Net Assets (Deficit) End of Year</i>	\$ (20,306)

See accompanying notes to the basic financial statements

Port Clinton Local School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business- Type Activities - Enterprise Fund
	Food Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 325,847
Cash Payments to Employees for Services	(245,270)
Cash Payments for Employee Benefits	(89,445)
Cash Payments for Goods and Services	(232,690)
Other Cash Payments	(511)
<i>Net Cash Provided by (Used in) Operating Activities</i>	(242,069)
Cash Flows from Noncapital Financing Activities	
Grants Received	192,397
Advance In	34,597
<i>Net Cash Provided by (Use by) Noncapital Financing Activities</i>	226,994
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(15,075)
<i>Cash and Cash Equivalents Beginning of Year</i>	17,444
<i>Cash and Cash Equivalents End of Year</i>	\$ 2,369
 Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities	
<i>Operating Income (Loss)</i>	\$ (300,366)
Adjustments:	
Depreciation	23,982
Donated Commodities	58,038
(Increase) Decrease in Assets:	
Accounts Receivable	(4,730)
Inventory Held for Resale	(4,892)
Materials and Supplies Inventory	55
Prepaid Items	106
Increase (Decrease) in Liabilities:	
Accounts Payable	(9,359)
Accrued Wages	(3,870)
Compensated Absences Payable	(4,983)
Intergovernmental Payable	4
Deferred Revenue	3,946
<i>Total Adjustments</i>	58,297
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ (242,069)

Noncash Financing Activities

During the year, the Food Service Enterprise Fund received Donated Commodities of \$58,038

See accompanying notes to the basic financial statements

Port Clinton City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 14,560	\$ 85,007
Prepaid items	-	23
<i>Total Assets</i>	14,560	85,030
Liabilities		
Accounts Payable	-	5,886
Due to Students	-	79,144
<i>Total Liabilities</i>	-	\$ 85,030
Net Assets		
Held in Trust for Scholarships	14,560	
<i>Total Net Assets</i>	\$ 14,560	

See accompanying notes to the basic financial statements

Port Clinton City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2004

	Private Purpose Trust
	Scholarship
Addition	
Interest	\$ 82
Deduction	
	1,000
<i>Change in Net Assets</i>	(918)
<i>Net Assets Beginning of Year</i>	15,478
<i>Net Assets End of Year</i>	\$ 14,560

See accompanying notes to the basic financial statements

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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 90 non-certificated employees and 140 certificated full-time teaching personnel that provide services to 1,901 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.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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 after November 30, 1989, to its governmental and proprietary 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 and account groups 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, proprietary, 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 Bond Retirement fund accounts for the accumulation of resources for and the payment of general obligation principal and interest.

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

Proprietary Fund Types Proprietary funds focus on the determination of the changes in net assets, financial position, and cash flows.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Enterprise Funds Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. The School District's only enterprise fund is the *Food Service Fund*. This fund accounts for the financial transactions related to the food service operations of the School District.

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.

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 statements distinguish between those activities of the School District that are considered business-type activities.

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

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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.

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

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

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. Proprietary and fiduciary fund 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 5). 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.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 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.

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 within each fund and function.

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 2004.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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 does 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.

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, including proprietary 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 2004, investments were limited to repurchase agreements, STAR Ohio, 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.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2004. 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, 2004.

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 2004 amounted to \$85,058.

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 purposes of the statement of cash flows and 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.

F. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 17 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

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

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

I. Capital Assets

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

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	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Building and Improvements	40 years	N/A
Furniture	10 years	10 years
Equipment	5 years	5 years
Vehicles	10 years	N/A

J. 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 proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are carried and become measurable.

K. 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 and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

L. 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 with at least ten (10) years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenue.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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

O. 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, and budget stabilization.

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 budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Net assets held in trust for scholarships signify the legal restrictions on the use of principal.

P. 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.

Q. 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 2004.

R. 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.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service. Operating expenses are necessary costs occurred to provide the good or service that is the primary activity of the fund.

NOTE 3 - 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund types (GAAP basis).

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>
Budget Basis	\$ 281,624
Net Adjustment for Revenue Accruals	(1,643,290)
Net Adjustment for Expenditure Accruals	1,746,370
Adjustments for Encumbrances	<u>571,750</u>
GAAP Basis	<u><u>\$ 956,454</u></u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 4 - 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, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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);

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

At fiscal year end, the School District had \$430 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "Equity in pooled cash and investments".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits (excluding change funds of \$430) was \$3,395,323 and the bank balance was \$ 3,406,352. Of the bank balance, \$200,000 was covered by federal depository insurance and \$3,206,352 was uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterpart trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

	Category 1	Category 2	Category 3	Fair Value
Repurchase Agreement	\$ -	\$ -	\$ 2,109,614	\$ 2,109,614
STAR Ohio	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,301,967</u>
Totals	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,109,614</u></u>	<u><u>\$ 3,411,581</u></u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
Gasb Statement 9	\$ 4,106,199	\$ 2,701,135
Cash on Hand	(430)	-
Investments		
Certificates of Deposit over 90 days	2,701,135	(2,701,135)
Repurchase Agreements	(2,109,614)	2,109,614
STAR Ohio	<u>(1,301,967)</u>	<u>1,301,967</u>
Gasb Statement 3	<u><u>\$ 3,395,323</u></u>	<u><u>\$ 3,411,581</u></u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at true value (normally 50 percent of cost, with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 32 percent of true value.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, if paid semi-annually, 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.

Tangible personal property taxes paid 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.

The full tax rate applied to real property for the fiscal year ended June 30, 2004 was \$61.19 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$26.14 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$28.39 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

The rate applied to tangible personal property for the fiscal year ended June 30, 2004 was \$61.19 per \$1,000 of assessed valuation.

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, 2004 are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at June 30, 2004, was \$1,377,329 for the general fund, \$94,577 for the debt service fund and \$30,598 for the capital project fund.

The assessed values upon which fiscal year 2004 taxes were collected are:

	<u>2004</u>	<u>2003</u>
Real Property		
Residential/Agricultural	\$ 364,494,560	\$ 307,694,730
Other	88,113,900	79,632,390
Public Utilities	92,260	84,180
Tangible Personal Property		
Personal	37,436,521	39,880,548
Public Utilities	18,345,930	19,373,548
Total Valuation	<u>\$ 508,483,171</u>	<u>\$ 446,665,396</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 6 - RECEIVABLES

Receivables at June 30, 2004, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the Due from other governments follows:

Special Revenue

Due from Other Governments	
Public School Pre-school	\$ 35,246
Reading Intervention	16,482
Title VI-B	154,986
Title I	2,007
Title VI	875
Drug Free Schools Grant	5,283
Class Size Reduction	<u>11,065</u>
Total Due from Other Governments	<u><u>\$ 225,944</u></u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 7 - FIXED ASSETS

In fiscal year 2004, the District raised the capitalization threshold from five hundred dollars to five thousand dollars. The resulting adjustments are as follows:

	Balance 6/30/2003	\$5,000 Threshold Adjustment	Balance 7/1/2003
Governmental Activities			
<i>Capital Assets, not being depreciated:</i>			
Land	\$ 102,165	\$ (43,648)	\$ 58,517
<i>Total Capital Assets, not being depreciated:</i>	<u>102,165</u>	<u>(43,648)</u>	<u>58,517</u>
<i>Capital Asset, being depreciated:</i>			
Buildings and Improvements	9,389,762	(17,137)	9,372,625
Equipment and Vehicles	7,417,793	(3,005,913)	4,411,880
<i>Total Capital Assets, being depreciated:</i>	<u>16,807,555</u>	<u>(3,023,050)</u>	<u>13,784,505</u>
Less Accumulated Depreciation:			
Building and Improvements	(6,421,475)	14,360	(6,407,115)
Equipment and Vehicles	(2,797,242)	1,175,531	(1,621,711)
<i>Total Accumulated Depreciation</i>	<u>(9,218,717)</u>	<u>1,189,891</u>	<u>(8,028,826)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>7,588,838</u>	<u>(1,833,159)</u>	<u>5,755,679</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,691,003</u>	<u>\$ (1,876,807)</u>	<u>\$ 5,814,196</u>
Business-Type Activities			
Furniture, Equipment and Fixtures	\$ 244,431	\$ (205,722)	\$ 38,709
Less Accumulated Depreciation	(137,397)	127,137	(10,260)
Business-Type Activities Capital Assets, Net	<u>\$ 107,034</u>	<u>\$ (78,585)</u>	<u>\$ 28,449</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Balance</u> <u>7/1/2003</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>6/30/2004</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 58,517	\$ -	\$ -	\$ 58,517
<i>Total Capital Assets, not being depreciated:</i>	<u>58,517</u>	<u>-</u>	<u>-</u>	<u>58,517</u>
<i>Capital Asset, being depreciated:</i>				
Buildings and Improvements	9,372,625	-	-	9,372,625
Equipment and Vehicles	4,411,880	165,079	(151,140)	4,425,819
<i>Total Capital Assets, being depreciated:</i>	<u>13,784,505</u>	<u>165,079</u>	<u>(151,140)</u>	<u>13,798,444</u>
Less Accumulated Depreciation:				
Building and Improvements	(6,407,115)	(110,986)	-	(6,518,101)
Equipment and Vehicles	(1,621,711)	(145,382)	43,385	(1,723,708)
<i>Total Accumulated Depreciation</i>	<u>(8,028,826)</u>	<u>(256,368)</u>	<u>43,385</u>	<u>(8,241,809)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>5,755,679</u>	<u>(91,289)</u>	<u>(107,755)</u>	<u>5,556,635</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,814,196</u>	<u>\$ (91,289)</u>	<u>\$ (107,755)</u>	<u>\$ 5,615,152</u>
Business-Type Activities				
Furniture, Equipment and Fixtures	\$ 38,709	\$ -	\$ -	\$ 38,709
Less Accumulated Depreciation	(10,260)	(23,982)	-	(34,242)
Business-Type Activities Capital Assets, Net	<u>\$ 28,449</u>	<u>\$ (23,982)</u>	<u>\$ -</u>	<u>\$ 4,467</u>

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	177,925
Support Services:		
Administration		2,170
Pupil Transportation		69,405
Central		5,106
Extracurricular Activities		1,762
		<hr/>
	\$	256,368
		<hr/>

NOTE 8 - 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 2004, the District has entered into contracts with various insurance agencies for various insurance.

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

<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Building and Contents	\$ 54,409,376	\$ 1,000
Extra expenses	5,000	-
Valuable papers	5,000	-
Non-bus vehicles		
- liability - bodily injury	(a)	-
- liability - property damage	(a)	-
- uninsured Motorists	1,000,000	-
Physical damage	cash value	-
Bus vehicles		
- liability	2,000,000	-
-uninsured motorists	1,000,000	-

(a) Non-bus vehicle liability insurance is limited to \$5,000,000 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 District are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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 13 for further description.

The 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 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 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (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.

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. 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, 2004, 2003, and 2002 were \$430,368, \$419,040, and \$422,520, respectively; 50 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$215,184 representing the unpaid contribution for fiscal year 2004, 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 43215-3771.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

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 are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent, effective July 1, 2003, the member contribution rate increased to a statutory maximum of 10 percent. 9.5 percent was the portion used for fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,208,216, \$1,120,224, and \$1,105,032, respectively. 82.4 percent has been contributed for 2004 and 100 percent has been contributed for 2003 and 2002. \$212,400 represents the unpaid contributions for fiscal year 2004 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, 2004, 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, 2004

NOTE 10 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 2003 (the latest information available) the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$388,355 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.8 billion at June 30, 2003 (the latest information available). For the year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

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

For the year ended June 30, 2004 (the latest information available) employer contributions to fund health care benefits were 4.91 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 credit. For fiscal year ended June 30, 2004, the minimum pay has been established at \$24,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for 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. Expenses for health care at June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$232,465 during the 2004 fiscal year.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 11 - 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, 2004

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, 2004

NOTE 12 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	<u>Amount Outstanding 6/30/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/2004</u>	<u>Amount Due in One Year</u>
<i>Governmental Activities</i>					
Bonds - Series 2003					
9/15/03 2.886%	\$ -	\$ 4,274,994	\$ (80,000)	\$ 4,194,994	\$ 640,000
Bonds - Series 1989					
7/7/93 5.248%	3,960,000	-	(3,960,000)	-	-
Bonds - Series 1993					
7/7/93 5.248%	314,994	-	(314,994)	-	-
Total Long-Term Bonds	<u>4,274,994</u>	<u>4,274,994</u>	<u>(4,354,994)</u>	<u>4,194,994</u>	<u>640,000</u>
House Bill Note	<u>1,329,400</u>	-	<u>(94,000)</u>	<u>1,235,400</u>	<u>94,000</u>
Total Long-Term Notes	<u>1,329,400</u>	-	<u>(94,000)</u>	<u>1,235,400</u>	<u>94,000</u>
Pension Obligation Payable	528,932	569,851	(451,395)	647,388	647,388
Compensated Absences	<u>1,238,832</u>	<u>217,880</u>	<u>(636,001)</u>	<u>820,711</u>	<u>116,363</u>
Total Governmental Activities	<u>\$ 7,372,158</u>	<u>\$ 5,062,725</u>	<u>\$ (5,536,390)</u>	<u>\$ 6,898,493</u>	<u>\$ 1,497,751</u>
<i>Business-type Activities</i>					
Compensated Absences	<u>\$ 4,983</u>	<u>\$ -</u>	<u>\$ (4,983)</u>	<u>\$ -</u>	<u>\$ -</u>

Compensated absences will be paid from the funds from which the employees' salaries are paid.

The School District's voted legal debt margin was \$42,749,575 with an unvoted debt margin of \$1,689,568 at June 30, 2004.

On September 15, 2003, the District issued \$4,274,994 Refunding Bonds, and retired the 1989 School Improvement Bonds and 1993 Library Bonds. The refunding bonds with interest rates of 2% to 3% were issued to advance refund \$3,960,000 of 1989 School Improvement Bonds with an interest rate of 5.248% and \$314,994 of 1993 Library Bonds with an interest rate of 5.248%. The 1989 School Improvement Bonds mature on December 1, 2011. The 1993 Library Bonds mature on December 1, 2008. The Refunding Bonds were issued at \$4,274,994 and after paying issuance cost and underwriter's premium of \$292,847, the net proceeds were \$4,567,841. The net proceeds from the issuance of the Refunding Bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments on the refunded bonds. The advance refunding met the requirements of an in-substance debt defeasance and the 1989 School Improvement Bonds and 1993 Library Bonds were removed from the District's government-wide financial statements.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

As a result of the advanced refunding, the District reduced its total debt service requirements by \$1,092,628, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$508,300.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 640,000	\$ 84,450	\$ 724,450
2006	650,000	71,550	721,550
2007	660,000	58,450	718,450
2008	665,000	45,200	710,200
2009	314,994	393,556	708,550
2010-2012	<u>1,345,000</u>	<u>47,655</u>	<u>1,392,655</u>
	<u>\$ 4,274,994</u>	<u>\$ 700,861</u>	<u>\$ 4,975,855</u>

NOTE 13 - INSURANCE PURCHASING POOL

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (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. In accordance with the above, the OSBA Group Rating Program has not been included as a component unit of the reporting entity.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 14 - 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. In accordance with the above, the Bay Area Council of Governments has not been included as a component unit of the reporting entity.

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. Accordingly, the Vanguard-Sentinel Joint Vocational School is not part of the Port Clinton City School District and its operations are not included as part of the reporting entity. 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. In accordance with the above, the Northern Ohio Educational Computer Association has not been included as a component unit of the reporting entity.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 15 - 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. In accordance with the above, the Ida Rupp Public Library has not been included as a component unit of the reporting entity.

NOTE 16 - 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, 2004.

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.

C. State School Funding Decision

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

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 17 - 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. The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition and budget reserve. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvement</u>	<u>Budget Reserve</u>	<u>Total</u>
Set aside balance as of June 30, 2003	\$ -	\$ -	\$ 86,386	\$ 86,386
Current year set-aside requirement	255,510	255,510	-	511,020
Qualifying expenditures	<u>(272,350)</u>	<u>(385,876)</u>	<u>-</u>	<u>(658,226)</u>
Totals	<u>\$ (16,840)</u>	<u>\$ (130,366)</u>	<u>\$ 86,386</u>	<u>\$ (60,820)</u>
Cash balance carried forward to FY2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,386</u>	<u>\$ 86,386</u>
Amount restricted for budget reserve				<u>\$ 86,386</u>
Total restricted assets				<u>\$ 86,386</u>

Although the District had qualifying expenditures during the year that reduced the set-aside amounts below zero, the District chose not to carry forward these negative balances.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 18 – INTERFUND TRANSACTIONS

A. Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2004, as reported on the fund financial statements:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 253,475	
Public School Pre-School		\$ 35,246
Reading Intervention		18,420
Extended Learning		2,935
Title VI-B		154,986
Title I		2,007
Title VI		655
Drug Free Schools		3,499
Class Size Reduction		3
Technology Grant		1,127
Total Special Revenue		<u>218,878</u>
Enterprise Fund-Food Service		34,597

The primary purpose of the interfund balances is to cover costs in specific funds where revenue were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

B. Interfund Transfers

The interfund transfers consisted of the following at June 30, 2004, as reported on the fund financial statements:

<u>Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 148,686	
Public School Support	4,991	
Athletics and Music		\$ 1,491
Debt Service		152,186

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. The transfer in the Public School Support fund is a correcting entry for monies inadvertently deposited in this fund.

PORT CLINTON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES, AND RESTATEMENTS OF FUND BALANCE AND NET ASSETS

The effect on the net assets as a result of adopting the \$5,000 capitalization threshold and adjusted for the balance of the bonds payable is presented as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets June 30, 2003	\$ 7,103,823	\$ 85,010	\$ 7,188,833
Adjustments:			
Bonds Payable	114,630	-	114,630
Capital Assets	<u>(1,876,807)</u>	<u>(78,585)</u>	<u>(1,955,392)</u>
Net Assets July 1, 2004	<u>\$ 5,341,646</u>	<u>\$ 6,425</u>	<u>\$ 5,348,071</u>

NOTE 20 – ACCOUNTABILITY AND COMPLIANCE

As of June 30, 2004, two Special Revenue Funds had negative fund balances, Auxiliary Services with a deficit of \$1,448 and Title I with a deficit of \$44,607. The Food Service fund had a deficit retained earnings of \$20,306. These deficits were caused by the application of generally accepted accounting principles. The general fund provides advances to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

Port Clinton City School District

Combining Statements and Individual Fund Schedules

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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:

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 the 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 funds which provide services and materials to pupils attending non-public schools within the School District.

Teacher 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.

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

Port Clinton City School District

Nonmajor Special Revenue Funds

(continued)

Data Communication Fund This fund accounts for State monies received to provide Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund This fund accounts for State monies to assist staff in gaining knowledge of technology.

Textbook Subsidy Fund This fund is used to purchase textbooks for the School District.

Ohio Reads 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 grades..

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.

Title VI-B Fund 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.

Class Size Reduction Fund 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 other than those financed by proprietary funds.

Permanent Improvement Fund This fund accounts for all transaction 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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 597,210	\$ 93,447	\$ 690,657
Cash and Cash Equivalents:			
In Segregated Accounts	3,850	-	3,850
Receivables:			
Taxes	-	169,587	169,587
Intergovernmental	225,944	-	225,944
Prepaid Items	908	-	908
<i>Total Assets</i>	827,912	263,034	1,090,946
Liabilities:			
Accounts Payable	5,950	2,557	8,507
Accrued Wages	55,118	-	55,118
Compensated Absences Payable	270	-	270
Interfund Payable	218,878	-	218,878
Intergovernmental Payable	950	-	950
Deferred Revenue	-	138,989	138,989
<i>Total Liabilities</i>	281,166	141,546	422,712
Fund Balance:			
Reserved for Encumbrances	223,071	45,446	268,517
Reserved for Prepaid Items	965	-	965
Reserved for Property Taxes	-	30,598	30,598
Unreserved, Undesignated	322,710	45,444	368,154
<i>Total Fund Balance</i>	546,746	121,488	668,234
<i>Total Liabilities and Fund Balance</i>	\$ 827,912	\$ 263,034	\$ 1,090,946

Port Clinton City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ -	\$ 186,967	\$ 186,967
Intergovernmental	1,048,505	22,863	1,071,368
Interest	537	87	624
Extracurricular Activities	125,605	-	125,605
Classroom Materials and Fees	52,868	-	52,868
Miscellaneous	165,489	-	165,489
	<u>1,393,004</u>	<u>209,917</u>	<u>1,602,921</u>
<i>Total Revenues</i>			
Expenditures:			
Current:			
Instruction:			
Regular	503,621	2,215	505,836
Special	448,769	-	448,769
Support Services:			
Pupils	265,671	-	265,671
Instructional Staff	18,836	-	18,836
Administration	68,916	-	68,916
Operation and Maintenance of Plant	66,297	-	66,297
Pupil Transportation	10,013	-	10,013
Central	18,106	-	18,106
Operation of Non-Instructional Services	207,076	-	207,076
Extracurricular Activities	191,233	-	191,233
Capital Outlay	-	223,787	223,787
	<u>1,798,538</u>	<u>226,002</u>	<u>2,024,540</u>
<i>Total Expenditures</i>			
<i>Excess of Revenues Over (Under) Expenditures</i>	(405,534)	(16,085)	(421,619)
Other Financing Sources (Uses):			
Operating Transfers In	1,491	-	1,491
Operating Transfers Out	(4,991)	-	(4,991)
	<u>(3,500)</u>	<u>-</u>	<u>(3,500)</u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(409,034)	(16,085)	(425,119)
Fund Balance (Deficit) Beginning of Year	955,780	137,573	1,093,353
Fund Balance (Deficit) End of Year	<u>\$ 546,746</u>	<u>\$ 121,488</u>	<u>\$ 668,234</u>

Port Clinton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Special Trust Fund	Performing Arts Center Fund	Public School Support
Assets:			
Equity in Pooled Cash and Investments	\$ 1,687	\$ 7,392	\$ 142,422
Cash and Cash Equivalents:			
In Segregated Accounts	-	-	-
Receivables:			
Intergovernmental	-	-	-
Prepaid Items	-	-	-
<i>Total Assets</i>	1,687	7,392	142,422
Liabilities:			
Accounts Payable	-	-	1,023
Accrued Wages	-	-	-
Compensated Absences Payable	-	-	-
Interfund Payable	-	-	-
Intergovernmental Payable	-	-	-
<i>Total Liabilities</i>	-	-	1,023
Fund Balance:			
Reserved for Encumbrances	-	28	3,234
Reserved for Prepaid Items	-	-	-
Unreserved, Undesignated	1,687	7,364	138,165
<i>Total Fund Balance</i>	1,687	7,392	141,399
<i>Total Liabilities and Fund Balance</i>	\$ 1,687	\$ 7,392	\$ 142,422

Local Grants Fund	Champions for Children Fund	Severance Retirement Fund	Athletic and Music	Auxiliary Services	Teacher Development Fund
\$ 51,925	\$ 99,184	\$ 93,423	\$ 46,809	\$ 4,170	\$ 1,674
-	-	-	3,850	-	-
-	-	-	-	-	-
-	57	-	300	-	-
<u>51,925</u>	<u>99,241</u>	<u>93,423</u>	<u>50,959</u>	<u>4,170</u>	<u>1,674</u>
235	25	-	2,669	48	-
-	-	-	-	5,490	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	80	-
<u>235</u>	<u>25</u>	<u>-</u>	<u>2,669</u>	<u>5,618</u>	<u>-</u>
1,090	7,087	-	12,815	19,807	-
-	57	-	300	-	-
<u>50,600</u>	<u>92,072</u>	<u>93,423</u>	<u>35,175</u>	<u>(21,255)</u>	<u>1,674</u>
<u>51,690</u>	<u>99,216</u>	<u>93,423</u>	<u>48,290</u>	<u>(1,448)</u>	<u>1,674</u>
<u>\$ 51,925</u>	<u>\$ 99,241</u>	<u>\$ 93,423</u>	<u>\$ 50,959</u>	<u>\$ 4,170</u>	<u>\$ 1,674</u>

(continued)

Port Clinton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004
(continued)

	Educational Management Information System	Public School Pre-school	Disadvantaged Pupil Program
Assets:			
Equity in Pooled Cash and Investments	\$ 6,804	\$ 4,728	\$ -
Cash and Cash Equivalents:			
In Segregated Accounts	-	-	-
Receivables:			
Intergovernmental	-	35,246	-
Prepaid Items	-	-	-
<i>Total Assets</i>	<u>6,804</u>	<u>39,974</u>	<u>-</u>
Liabilities:			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Compensated Absences Payable	-	-	-
Interfund Payable	-	35,246	-
Intergovernmental Payable	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>35,246</u>	<u>-</u>
Fund Balance:			
Reserved for Encumbrances	-	1,691	-
Reserved for Prepaid Items	-	-	-
Unreserved, Undesignated	6,804	3,037	-
<i>Total Fund Balance</i>	<u>6,804</u>	<u>4,728</u>	<u>-</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 6,804</u>	<u>\$ 39,974</u>	<u>\$ -</u>

<u>Data Communication</u>	<u>SchoolNet Professional Development</u>	<u>Textbook Subsidy</u>	<u>Ohio Reads Grant</u>	<u>Reading Intervention</u>	<u>Extended Learning Fund</u>
\$ 1,323	\$ 3,240	\$ -	\$ 6,218	14,743	\$ 7,961
-	-	-	-	-	-
-	-	-	-	16,482	-
-	-	-	-	-	-
<u>1,323</u>	<u>3,240</u>	<u>-</u>	<u>6,218</u>	<u>31,225</u>	<u>7,961</u>
-	-	-	491	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	18,420	2,935
-	-	-	-	-	321
-	-	-	491	18,420	3,256
1,311	135	-	416	-	523
-	-	-	-	-	-
12	3,105	-	5,311	12,805	4,182
<u>1,323</u>	<u>3,240</u>	<u>-</u>	<u>5,727</u>	<u>12,805</u>	<u>4,705</u>
<u>\$ 1,323</u>	<u>\$ 3,240</u>	<u>\$ -</u>	<u>\$ 6,218</u>	<u>31,225</u>	<u>\$ 7,961</u>

(continued)

Port Clinton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004
(continued)

	Title VI-B	Title I	Title VI
Assets:			
Equity in Pooled Cash and Investments	\$ 38,582	\$ 25	\$ 14,428
Cash and Cash Equivalents:			
In Segregated Accounts	-	-	-
Receivables:			
Intergovernmental	154,986	2,007	875
Prepaid Items	551	-	-
<i>Total Assets</i>	194,119	2,032	15,303
Liabilities:			
Accounts Payable	1,107	-	-
Accrued Wages	5,510	44,118	-
Compensated Absences Payable	270	-	-
Interfund Payable	154,986	2,007	655
Intergovernmental Payable	35	514	-
<i>Total Liabilities</i>	161,908	46,639	655
Fund Balance:			
Reserved for Encumbrances	41,389	65,155	7,595
Reserved for Prepaid Items	551	-	-
Unreserved, Undesignated	(9,729)	(109,762)	7,053
<i>Total Fund Balance</i>	32,211	(44,607)	14,648
<i>Total Liabilities and Fund Balance</i>	\$ 194,119	\$ 2,032	\$ 15,303

Drug Free Schools Grant	Class Size Reduction	Technology Grant	Total Nonmajor Special Revenue Funds
\$ 270	\$ 46,956	\$ 3,246	\$ 597,210
-	-	-	3,850
5,283	11,065	-	225,944
-	-	-	908
<u>5,553</u>	<u>58,021</u>	<u>3,246</u>	<u>827,912</u>
-	352	-	5,950
-	-	-	55,118
-	-	-	270
3,499	3	1,127	218,878
-	-	-	950
<u>3,499</u>	<u>355</u>	<u>1,127</u>	<u>281,166</u>
2,117	56,504	2,174	223,071
-	-	57	965
(63)	1,162	(112)	322,710
<u>2,054</u>	<u>57,666</u>	<u>2,119</u>	<u>546,746</u>
<u>\$ 5,553</u>	<u>\$ 58,021</u>	<u>\$ 3,246</u>	<u>\$ 827,912</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, 2004

	Special Trust Fund	Performing Arts Center Fund	Public School Support
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Interest	9	-	-
Extracurricular Activities	-	-	10,428
Classroom Materials and Fees	-	-	52,868
Miscellaneous	100	5,450	5,272
	<u> </u>	<u> </u>	<u> </u>
<i>Total Revenues</i>	109	5,450	68,568
Expenditures:			
Current:			
Instruction:			
Regular	-	-	33,721
Special	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	-	-	505
Administration	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
Operation of Non-Instructional Services	-	285	-
Extracurricular Activities	-	-	30,974
	<u> </u>	<u> </u>	<u> </u>
<i>Total Expenditures</i>	-	285	65,200
<i>Excess of Revenues Over (Under) Expenditures</i>	109	5,165	3,368
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	(4,991)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Other Financing Sources (Uses)</i>	-	-	(4,991)
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	109	5,165	(1,623)
Fund Balance (Deficit) Beginning of Year	<u>1,578</u>	<u>2,227</u>	<u>143,022</u>
Fund Balance (Deficit) End of Year	<u>\$ 1,687</u>	<u>\$ 7,392</u>	<u>\$ 141,399</u>

Local Grants Fund	Champions for Children Fund	Severance Retirement Fund	Athletic and Music	Auxiliary Services	Teacher Development Fund
\$ -	\$ -	\$ -	\$ -	\$ 74,653	\$ -
-	528	-	-	-	-
-	-	-	115,177	-	-
-	-	-	-	-	-
41,104	102,156	-	11,407	-	-
41,104	102,684	-	126,584	74,653	-
8,850	-	225,939	-	-	-
-	-	-	-	-	-
194	-	-	-	-	-
7,736	-	-	-	-	621
-	-	-	-	-	-
-	-	60,039	-	-	-
-	-	-	-	-	-
5,600	-	-	-	-	-
1,000	95,860	-	-	91,015	-
1,000	-	-	159,259	-	-
24,380	95,860	285,978	159,259	91,015	621
16,724	6,824	(285,978)	(32,675)	(16,362)	(621)
-	-	-	1,491	-	-
-	-	-	-	-	-
-	-	-	1,491	-	-
16,724	6,824	(285,978)	(31,184)	(16,362)	(621)
34,966	92,392	379,401	79,474	14,914	2,295
\$ 51,690	\$ 99,216	\$ 93,423	\$ 48,290	\$ (1,448)	\$ 1,674

(continued)

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, 2004
(continued)

	Educational Management Information System	Public School Pre-school	Disadvantaged Pupil Program
Revenues:			
Intergovernmental	\$ 6,805	\$ 101,246	\$ 24,601
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials and Fees	-	-	-
Miscellaneous	-	-	-
<i>Total Revenues</i>	<u>6,805</u>	<u>101,246</u>	<u>24,601</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	38,373	13,601
Special	-	-	-
Support Services:			
Pupils	-	19,661	11,000
Instructional Staff	-	1,100	-
Administration	391	11,148	-
Operation and Maintenance of Plant	-	6,258	-
Pupil Transportation	-	9,163	-
Central	-	12,506	-
Operation of Non-Instructional Services	-	-	-
Extracurricular Activities	-	-	-
<i>Total Expenditures</i>	<u>391</u>	<u>98,209</u>	<u>24,601</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	6,414	3,037	-
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	6,414	3,037	-
Fund Balance (Deficit) Beginning of Year	<u>390</u>	<u>1,691</u>	<u>-</u>
Fund Balance (Deficit) End of Year	<u><u>\$ 6,804</u></u>	<u><u>\$ 4,728</u></u>	<u><u>\$ -</u></u>

	Data Communication	SchoolNet Professional Development	Textbook Subsidy	Ohio Reads Grant	Reading Intervention	Extended Learning Fund
\$	18,000	\$ 4,140	\$ -	\$ 18,500	30,548	\$ 10,100
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	18,000	4,140	-	18,500	30,548	10,100
	17,988	2,135	52,529	17,061	17,743	14,655
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	135	-	-	-	8,739
	-	-	-	-	-	2,000
	-	-	-	-	-	-
	-	-	-	-	-	650
	-	-	-	-	-	-
	-	-	-	314	-	-
	-	-	-	-	-	-
	17,988	2,270	52,529	17,375	17,743	26,044
	12	1,870	(52,529)	1,125	12,805	(15,944)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	12	1,870	(52,529)	1,125	12,805	(15,944)
	1,311	1,370	52,529	4,602	-	20,649
\$	1,323	\$ 3,240	\$ -	\$ 5,727	12,805	\$ 4,705

(continued)

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, 2004
(continued)

	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>
Revenues:			
Intergovernmental	\$ 298,178	\$ 308,377	\$ 12,049
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials and Fees	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	298,178	308,377	12,049
Expenditures:			
Current:			
Instruction:			
Regular	-	-	3,540
Special	81,889	366,880	-
Support Services:			
Pupils	156,660	-	-
Instructional Staff	-	-	-
Administration	55,320	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	200	-	-
Central	-	-	-
Operation of Non-Instructional Services	9,953	7,175	1,474
Extracurricular Activities	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	304,022	374,055	5,014
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,844)	(65,678)	7,035
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(5,844)	(65,678)	7,035
Fund Balance (Deficit) Beginning of Year	<hr/>	<hr/>	<hr/>
	38,055	21,071	7,613
Fund Balance (Deficit) End of Year	<u>\$ 32,211</u>	<u>\$ (44,607)</u>	<u>\$ 14,648</u>

Drug Free Schools Grant	Class Size Reduction	Technology Grant	Total Nonmajor Special Revenue Funds
\$ 12,500	\$ 123,359	\$ 5,449	\$ 1,048,505
-	-	-	537
-	-	-	125,605
-	-	-	52,868
-	-	-	165,489
12,500	123,359	5,449	1,393,004
-	51,863	5,623	503,621
-	-	-	448,769
12,563	65,593	-	265,671
-	-	-	18,836
-	-	57	68,916
-	-	-	66,297
-	-	-	10,013
-	-	-	18,106
-	-	-	207,076
-	-	-	191,233
12,563	117,456	5,680	1,798,538
(63)	5,903	(231)	(405,534)
-	-	-	1,491
-	-	-	(4,991)
-	-	-	(3,500)
(63)	5,903	(231)	(409,034)
2,117	51,763	2,350	955,780
\$ 2,054	\$ 57,666	\$ 2,119	\$ 546,746

Port Clinton City School District
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2004

	Permanent Improvement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 91,964	\$ 1,483	\$ 93,447
Receivables:			
Taxes	169,587	-	169,587
<i>Total Assets</i>	261,551	1,483	263,034
 Liabilities:			
Accounts Payable	2,557	-	2,557
Deferred Revenue	138,989	-	138,989
<i>Total Liabilities</i>	141,546	-	141,546
 Fund Balance:			
Fund Balance:			
Reserved for Encumbrances	45,446	-	45,446
Reserved for Property Taxes	30,598	-	30,598
Unreserved, Undesignated	43,961	1,483	45,444
<i>Total Fund Balance</i>	120,005	1,483	121,488
 <i>Total Liabilities and Fund Balance</i>	 \$ 261,551	 \$ 1,483	 \$ 263,034

Port Clinton City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For the year ended June 30, 2004

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Taxes	\$ 186,967	\$ -	\$ 186,967
Intergovernmental	21,215	1,648	22,863
Interest	<u>87</u>	<u>-</u>	<u>87</u>
<i>Total Revenues</i>	208,269	1,648	209,917
Expenditures:			
Current:			
Instruction:			
Regular	-	2,215	2,215
Capital Outlay	<u>223,787</u>	<u>-</u>	<u>223,787</u>
<i>Total Expenditures</i>	<u>223,787</u>	<u>2,215</u>	<u>226,002</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(15,518)	(567)	(16,085)
Fund Balance (Deficit) Beginning of Year	<u>135,523</u>	<u>2,050</u>	<u>137,573</u>
Fund Balance (Deficit) End of Year	<u><u>\$ 120,005</u></u>	<u><u>\$ 1,483</u></u>	<u><u>\$ 121,488</u></u>

Port Clinton City School District
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Student Activities				
Assets:				
Cash and Cash Equivalents	\$ 78,346	\$ 184,293	\$ (177,632)	\$ 85,007
Prepaid items	<u> -</u>	<u> 23</u>	<u> -</u>	<u> 23</u>
Total Assets	<u><u>78,346</u></u>	<u><u>184,316</u></u>	<u><u>(177,632)</u></u>	<u><u>85,030</u></u>
Liabilities:				
Accounts Payable	11,988	5,886	(11,988)	5,886
Due to Other Funds	5,541	-	(5,541)	-
Due to Students	<u>60,817</u>	<u>184,283</u>	<u>(165,956)</u>	<u>79,144</u>
Total Liabilities	<u><u>\$ 78,346</u></u>	<u><u>\$ 190,169</u></u>	<u><u>\$ (183,485)</u></u>	<u><u>\$ 85,030</u></u>

Port Clinton City School District

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual**

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	74	9	9	-
Miscellaneous	826	99	100	1
Total Revenues	900	108	109	1
Expenditures:				
Current:				
Instruction:				
Regular:				
Materials and Supplies	700	700	-	700
Capital Outlay - New	150	150	-	150
Total Instruction	850	850	-	850
Total Expenditures	850	850	-	850
Net Change in Fund Balance	50	(742)	109	851
Fund Balance (Deficit) at The Beginning of Year	1,579	1,579	1,579	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1,629</u>	<u>\$ 837</u>	<u>\$ 1,688</u>	<u>\$ 851</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Performing Arts Center Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	74,965	5,415	5,450	35
Total Revenues	74,965	5,415	5,450	35
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	1,337	1,337	35	1,302
Materials and Supplies	288	288	285	3
Other	50	50	-	50
Total Support Services	1,675	1,675	320	1,355
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	6,013	6,013	-	6,013
Total Operation of Non-Instructional Services	6,013	6,013	-	6,013
<i>Total Expenditures</i>	7,688	7,688	320	7,368
Net Change in Fund Balance	67,277	(2,273)	5,130	7,403
Fund Balance (Deficit) at The Beginning of Year	2,261	2,261	2,261	-
Prior Year Encumbrances Appropriated	28	28	28	-
Fund Balance (Deficit) at The End of Year	<u>\$ 69,566</u>	<u>\$ 16</u>	<u>\$ 7,419</u>	<u>\$ 7,403</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular Activities	\$ 9,201	\$ 10,531	\$ 11,046	515
Classroom Materials and Fees	46,514	53,236	55,838	2,602
Miscellaneous	4,392	5,026	5,272	246
Total Revenues	60,107	68,793	72,156	3,363
Expenditures:				
Current:				
Instruction:				
Regular:				
Materials and Supplies	46,349	46,349	33,931	12,418
Total Instruction	46,349	46,349	33,931	12,418
Support Services:				
Instructional Staff:				
Materials and Supplies	650	650	505	145
Capital Outlay - New	400	400	-	400
Total Support Services	1,050	1,050	505	545
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	1,992	1,992	191	1,801
Materials and Supplies	30,310	30,310	16,449	13,861
Capital Outlay - New	450	450	-	450
Other	2,430	2,430	1,839	591
Total Academic and Subject Oriented Activities	35,182	35,182	18,479	16,703
Occupation Oriented Activities:				
Materials and Supplies	11,700	11,700	7,576	4,124
Total Occupation Oriented Activities	11,700	11,700	7,576	4,124
Sports Oriented Activities:				
Materials and Supplies	1,225	1,225	1,155	70
Other	3,540	3,540	3,540	-
Total Sports Oriented Activities	4,765	4,765	4,695	70
Total Extracurricular Activities	51,647	51,647	30,750	20,897
Total Expenditures	99,046	99,046	65,186	33,860
<i>Excess of Revenues Over/(Under) Expenditures</i>	(38,939)	(30,253)	6,970	37,223
Other Financing Sources (Uses):				
Transfers Out	-	(4,991)	(4,991)	-
Total Other Financing Sources (Uses)	-	(4,991)	(4,991)	-
Net Change in Fund Balance	(38,939)	(35,244)	1,979	37,223
Fund Balance (Deficit) at The Beginning of Year	140,438	140,438	140,438	-
Prior Year Encumbrances Appropriated	3,234	3,234	3,234	-
Fund Balance (Deficit) at The End of Year	\$ 104,733	\$ 108,428	\$ 145,651	\$ 37,223

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Local Grants Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 40,000	\$ 41,104	\$ 41,104	\$ -
Total Revenues	40,000	41,104	41,104	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,130	1,130	905	225
Fringe Benefits	135	135	135	-
Purchased Services	1,182	1,182	753	429
Materials and Supplies	22,444	22,444	7,057	15,387
Capital Outlay - New	80	80	-	80
Other	10,000	10,000	-	10,000
Total Regular	34,971	34,971	8,850	26,121
Special:				
Other	1,000	1,000	-	1,000
Total Special	1,000	1,000	-	1,000
Total Instruction	35,971	35,971	8,850	27,121
Support Services:				
Pupils:				
Salaries and Wages	166	166	166	-
Fringe Benefits	28	28	28	-
Total Pupils	194	194	194	-
Instructional Staff:				
Materials and Supplies	8,500	8,500	7,501	999
Total Instructional Staff	8,500	8,500	7,501	999
Pupil Transportation:				
Fringe Benefits	50	50	-	50
Purchased Services	50	50	-	50
Total Pupils Transportation	100	100	-	100
Central:				
Purchased Services	5,600	5,600	5,600	-
Total Central	5,600	5,600	5,600	-
Total Support Services	14,394	14,394	13,295	1,099
Operation of Non-Instructional Services:				
Community Services:				
Other	1,000	1,000	1,000	-
Total Operation of Non-Instructional Services	1,000	1,000	1,000	-
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	2,112	2,112	-	2,112
Other	1,000	1,000	1,000	-
Total Extracurricular Activities	3,112	3,112	1,000	2,112
Capital Outlay				
Other:				
Purchased Services	10,000	10,000	-	10,000
Total Capital Outlay	10,000	10,000	-	10,000
Total Expenditures	64,477	64,477	24,145	40,332
Net Change in Fund Balance	(24,477)	(23,373)	16,959	40,332
Fund Balance (Deficit) at The Beginning of Year	34,966	34,966	34,966	-
Prior Year Encumbrances Appropriated	1,090	1,090	1,090	-
Fund Balance (Deficit) at The End of Year	\$ 11,579	\$ 12,683	\$ 53,015	\$ 40,332

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Champions for Children Fund
For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amount</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 578	\$ 524	\$ 528	\$ 4
Miscellaneous	111,741	101,415	102,156	741
Total Revenues	112,319	101,939	102,684	745
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	56,925	56,925	41,122	15,803
Fringe Benefits	9,199	9,199	5,949	3,250
Purchased Services	6,696	6,696	3,227	3,469
Materials and Supplies	2,020	2,020	566	1,454
Capital Outlay - New	300	300	-	300
Total Instruction	75,140	75,140	50,864	24,276
Support Services:				
Pupils:				
Salaries and Wages	24,338	24,338	15,466	8,872
Fringe Benefits	3,627	3,627	2,430	1,197
Purchased Services	525	1,150	125	1,025
Materials and Supplies	-	375	-	375
Total Pupils	28,490	29,490	18,021	11,469
Administration:				
Salaries and Wages	27,200	27,200	18,280	8,920
Fringe Benefits	3,600	3,600	2,906	694
Purchased Services	2,677	2,052	1,327	725
Materials and Supplies	1,475	1,100	647	453
Capital Outlay - New	300	300	-	300
Total Administration	35,252	34,252	23,160	11,092
Operation and Maintenance of Plant:				
Salaries and Wages	500	500	499	1
Fringe Benefits	100	100	82	18
Total Operation and Maintenance of Plant	600	600	581	19
Pupil Transportation:				
Salaries and Wages	1,770	1,770	-	1,770
Fringe Benefits	310	310	-	310
Purchased Services	450	450	200	250
Total Pupils Transportation	2,530	2,530	200	2,330
Total Support Services	66,872	66,872	41,962	24,910
Operation of Non-Instructional Services:				
Food Services Operation:				
Materials and Supplies	6,526	6,526	3,748	2,778
Total Operation of Non-Instructional Services	6,526	6,526	3,748	2,778
Total Expenditures	148,538	148,538	96,574	51,964
Net Change in Fund Balance	(36,219)	(46,599)	6,110	52,709
Fund Balance (Deficit) at The Beginning of Year	93,076	93,076	93,076	-
Prior Year Encumbrances Appropriated	7,087	7,087	7,087	-
Fund Balance (Deficit) at The End of Year	\$ 63,944	\$ 53,564	\$ 106,273	\$ 52,709

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Athletic and Music Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Extracurricular Activities	\$ 103,642	\$ 110,305	\$ 115,177	\$ 4,872
Miscellaneous	10,265	10,925	11,407	482
Total Revenues	113,907	121,230	126,584	5,354
Expenditures:				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	612	613	412	201
Materials and Supplies	499	499	199	300
Capital Outlay - New	3,419	2,915	2,610	305
Other	110	110	-	110
Total Academic and Subject Oriented Activities	4,640	4,137	3,221	916
Sports Oriented Activities:				
Salaries and Wages	1,075	1,075	-	1,075
Purchased Services	72,972	72,972	71,256	1,716
Materials and Supplies	29,601	29,601	24,007	5,594
Capital Outlay - New	3,378	3,882	3,242	640
Capital Outlay - Replacement	60,264	60,265	39,628	20,637
Other	19,394	19,394	14,318	5,076
Total Sports Oriented Activities	186,684	187,189	152,451	34,738
Co-Curricular Activities:				
Purchased Services	4,501	4,501	4,501	-
Materials and Supplies	199	199	60	139
Capital Outlay - New	1,200	1,200	75	1,125
Total Co-Curricular Activities	5,900	5,900	4,636	1,264
Total Extracurricular Activities	197,224	197,226	160,308	36,918
Total Expenditures	197,224	197,226	160,308	36,918
Excess of Revenues Over/(Under) Expenditures	(83,317)	(75,996)	(33,724)	42,272
Other Financing Sources (Uses):				
Transfers In	1,491	1,491	1,491	-
Total Other Financing Sources (Uses)	1,491	1,491	1,491	-
Net Change in Fund Balance	(81,826)	(74,505)	(32,233)	42,272
Fund Balance (Deficit) at The Beginning of Year	82,893	82,893	82,893	-
Prior Year Encumbrances Appropriated	12,815	12,815	12,815	-
Fund Balance (Deficit) at The End of Year	\$ 13,882	\$ 21,203	\$ 63,475	\$ 42,272

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Severance/Retirement Payments Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	\$ 250,000	\$ 250,000	\$ 225,939	\$ 24,061
Total Instruction	250,000	250,000	225,939	24,061
Support Services:				
Operation and Maintenance of Plant:				
Salaries and Wages	129,401	129,401	60,039	69,362
Total Support Services	129,401	129,401	60,039	69,362
<i>Total Expenditures</i>	<u>379,401</u>	<u>379,401</u>	<u>285,978</u>	<u>93,423</u>
Net Change in Fund Balance	(379,401)	(379,401)	(285,978)	93,423
Fund Balance (Deficit) at The Beginning of Year	<u>379,401</u>	<u>379,401</u>	<u>379,401</u>	<u>-</u>
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,423</u>	<u>\$ 93,423</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 70,731	\$ 75,379	\$ 74,653	\$ (726)
Total Revenues	70,731	75,379	74,653	(726)
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	47,914	47,914	47,914	-
Fringe Benefits	18,278	18,280	18,279	1
Purchased Services	9,279	9,280	8,636	644
Materials and Supplies	19,043	19,043	15,936	3,107
Capital Outlay - New	2,200	2,200	2,200	-
Other	2,989	2,989	2,989	-
Total Operation of Non-Instructional Services	99,703	99,706	95,954	3,752
<i>Total Expenditures</i>	99,703	99,706	95,954	3,752
Net Change in Fund Balance	(28,972)	(24,327)	(21,301)	3,026
Fund Balance (Deficit) at The Beginning of Year	25,472	25,472	25,472	-
Prior Year Encumbrances Appropriated	19,807	19,807	19,807	-
Fund Balance (Deficit) at The End of Year	<u>\$ 16,307</u>	<u>\$ 20,952</u>	<u>\$ 23,978</u>	<u>\$ 3,026</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Teacher Development Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	1,169	669	585	84
Fringe Benefits	126	126	35	91
Purchased Services	175	425	-	425
Materials and Supplies	40	290	-	290
Total Support Services	1,510	1,510	620	890
<i>Total Expenditures</i>	1,510	1,510	620	890
Net Change in Fund Balance	(1,510)	(1,510)	(620)	890
Fund Balance (Deficit) at The Beginning of Year	2,295	2,295	2,295	-
Fund Balance (Deficit) at The End of Year	\$ 786	\$ 785	\$ 1,675	\$ 890

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Education Management Information Systems
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,002	\$ 6,807	\$ 6,805	\$ (2)
Total Revenues	7,002	6,807	6,805	(2)
Expenditures:				
Current:				
Support Services:				
Administration:				
Salaries and Wages	391	391	391	-
Capital Outlay - New	-	-	-	-
Total Support Services	391	391	391	-
<i>Total Expenditures</i>	391	391	391	-
Net Change in Fund Balance	6,611	6,416	6,414	(2)
Fund Balance (Deficit) at The Beginning of Year	389	389	389	-
Fund Balance (Deficit) at The End of Year	<u>\$ 7,000</u>	<u>\$ 6,805</u>	<u>\$ 6,803</u>	<u>\$ (2)</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 65,756	\$ 66,002	\$ 66,000	\$ (2)
Total Revenues	65,756	66,002	66,000	(2)
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	38,373	38,373	38,373	-
Total Instruction	38,373	38,373	38,373	-
Support Services:				
Pupils:				
Purchased Services	19,661	19,661	19,661	-
Total Pupils	19,661	19,661	19,661	-
Instructional Staff:				
Purchased Services	1,100	1,100	1,100	-
Total Instructional Staff	1,100	1,100	1,100	-
Administration:				
Purchased Services	11,148	11,148	11,148	-
Total Administration	11,148	11,148	11,148	-
Fiscal:				
Fringe Benefits	425	425	-	425
Purchased Services	1,266	1,266	-	1,266
Total Fiscal	1,691	1,691	-	1,691
Operation and Maintenance of Plant:				
Purchased Services	9,295	9,295	6,258	3,037
Total Operation and Maintenance of Plant	9,295	9,295	6,258	3,037
Pupil Transportation:				
Purchased Services	9,163	9,163	9,163	-
Total Pupils Transportation	9,163	9,163	9,163	-
Central:				
Purchased Services	12,506	12,506	12,506	-
Total Central	12,506	12,506	12,506	-
Total Support Services	64,564	64,564	59,836	4,728
Total Expenditures	102,937	102,937	98,209	4,728
Excess of Revenues Over/(Under) Expenditures	(37,181)	(36,935)	(32,209)	4,726
Other Financing Sources (Uses):				
Advances In	35,246	35,246	35,246	-
Total Other Financing Sources (Uses)	35,246	35,246	35,246	-
Net Change in Fund Balance	(1,935)	(1,689)	3,037	4,726
Fund Balance (Deficit) at The Beginning of Year	1,690	1,690	1,690	-
Prior Year Encumbrances Appropriated	1,691	1,691	1,691	-
Fund Balance (Deficit) at The End of Year	\$ 1,446	\$ 1,692	\$ 6,418	\$ 4,726

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Disadvantaged Pupil Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 24,602	\$ 24,602	\$ 24,601	\$ (1)
Total Revenues	24,602	24,602	24,601	(1)
Expenditures:				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	13,601	13,601	13,601	-
Total Instruction	13,601	13,601	13,601	-
Support Services:				
Pupils:				
Salaries and Wages	11,000	11,000	11,000	-
Total Support Services	11,000	11,000	11,000	-
<i>Total Expenditures</i>	24,601	24,601	24,601	-
Net Change in Fund Balance	1	1	-	(1)
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Data Communication Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 16,982	\$ 17,482	\$ 18,000	\$ 518
Total Revenues	16,982	17,482	18,000	518
Expenditures:				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	19,829	19,829	18,506	1,323
Total Instruction	19,829	19,829	18,506	1,323
<i>Total Expenditures</i>	19,829	19,829	18,506	1,323
Net Change in Fund Balance	(2,847)	(2,347)	(506)	1,841
Fund Balance (Deficit) at The Beginning of Year	1,829	1,829	1,829	-
Prior Year Encumbrances Appropriated	1,311	1,311	1,311	-
Fund Balance (Deficit) at The End of Year	<u>\$ 293</u>	<u>\$ 793</u>	<u>\$ 2,634</u>	<u>\$ 1,841</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,010	\$ 4,150	\$ 4,140	\$ (10)
Total Revenues	5,010	4,150	4,140	(10)
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	5,375	5,375	2,135	3,240
Total Instruction	5,375	5,375	2,135	3,240
Support Services:				
Instructional Staff:				
Purchased Services	135	135	135	-
Total Support Services	135	135	135	-
<i>Total Expenditures</i>	5,510	5,510	2,270	3,240
Net Change in Fund Balance	(500)	(1,360)	1,870	3,230
Fund Balance (Deficit) at The Beginning of Year	1,370	1,370	1,370	-
Prior Year Encumbrances Appropriated	135	135	135	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1,005</u>	<u>\$ 145</u>	<u>\$ 3,375</u>	<u>\$ 3,230</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Textbook Subsidy Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Instruction:				
Regular:				
Materials and Supplies	\$ 52,155	\$ 52,530	\$ 52,530	\$ -
Total Regular	52,155	52,530	52,530	-
Special:				
Materials and Supplies	375	-	-	-
Total Special	375	-	-	-
Total Instruction	52,530	52,530	52,530	-
<i>Total Expenditures</i>	52,530	52,530	52,530	-
Net Change in Fund Balance	(52,530)	(52,530)	(52,530)	-
Fund Balance (Deficit) at The Beginning of Year	52,530	52,530	52,530	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,086	\$ 18,500	\$ 18,500	\$ -
Total Revenues	18,086	18,500	18,500	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	15,706	15,706	11,706	4,000
Fringe Benefits	521	521	21	500
Materials and Supplies	9,649	9,649	7,929	1,720
Total Instruction	25,876	25,876	19,656	6,220
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	314	314	314	-
Total Operation of Non-Instructional Services	314	314	314	-
<i>Total Expenditures</i>	26,190	26,190	19,970	6,220
Net Change in Fund Balance	(8,104)	(7,690)	(1,470)	6,220
Fund Balance (Deficit) at The Beginning of Year	7,688	7,688	7,688	-
Prior Year Encumbrances Appropriated	416	416	416	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ 414</u>	<u>\$ 6,634</u>	<u>\$ 6,220</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Reading Intervention Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 14,066	\$ 14,066	\$ -
Total Revenues	-	14,066	14,066	-
Expenditures:				
Current:				
Instruction:				
Salaries and Wages	-	19,600	10,114	9,486
Fringe Benefits	-	2,940	2,143	797
Materials and Supplies	-	9,946	5,487	4,459
Total Instruction	-	32,486	17,744	14,742
Total Expenditures	-	32,486	17,744	14,742
Excess of Revenues Over/(Under) Expenditures	-	(18,420)	(3,678)	14,742
Other Financing Sources (Uses):				
Advances In	-	18,420	18,420	-
Total Other Financing Sources (Uses)	-	18,420	18,420	-
Net Change in Fund Balance	-	-	14,742	14,742
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ -	\$ 14,742	\$ 14,742

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Extended Learning Fund
For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amount</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 12,337	10,100	10,100	-
Total Revenues	12,337	10,100	10,100	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,900	1,900	1,900	-
Fringe Benefits	276	276	276	-
Purchased Services	4,504	4,504	1,946	2,558
Materials and Supplies	14,894	14,894	10,213	4,681
Total Regular	21,574	21,574	14,335	7,239
Total Instruction	21,574	21,574	14,335	7,239
Support Services:				
Instructional Staff:				
Salaries and Wages	3,000	3,000	3,000	-
Purchased Services	3,935	3,935	3,935	-
Materials and Supplies	2,000	2,000	1,804	196
Total Instructional Staff	8,935	8,935	8,739	196
Administration:				
Other	2,000	2,000	2,000	-
Total Administration	2,000	2,000	2,000	-
Pupil Transportation:				
Purchased Services	1,000	1,000	650	350
Total Pupils Transportation	1,000	1,000	650	350
Total Support Services	11,935	11,935	11,389	546
Total Expenditures	33,509	33,509	25,724	7,785
<i>Excess of Revenues Over/(Under) Expenditures</i>	(21,172)	(23,409)	(15,624)	7,785
Other Financing Sources (Uses):				
Advances In	-	8,063	8,063	-
Advances Out	-	-	(5,128)	(5,128)
Total Other Financing Sources (Uses)	-	8,063	2,935	(5,128)
Net Change in Fund Balance	(21,172)	(15,346)	(12,689)	2,657
Fund Balance (Deficit) at The Beginning of Year	20,649	20,649	20,649	-
Prior Year Encumbrances Appropriated	523	523	523	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ 5,826	\$ 8,483	\$ 2,657

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amount</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 132,629	\$ 130,578	\$ 267,949	\$ 137,371
Total Revenues	132,629	130,578	267,949	137,371
Expenditures:				
Current:				
Special:				
Salaries and Wages	3,611	3,611	3,611	-
Purchased Services	86,983	86,983	69,839	17,144
Materials and Supplies	12,880	12,880	10,151	2,729
Capital Outlay - New	12,563	12,563	10,057	2,506
Capital Outlay - Replacement	-	-	-	-
Total Instruction	116,037	116,037	93,658	22,379
Support Services:				
Pupils:				
Salaries and Wages	16,188	16,188	16,188	-
Fringe Benefits	10,874	10,874	10,874	-
Purchased Services	132,906	132,907	126,941	5,966
Capital Outlay - New	531	531	497	34
Total Pupils	160,499	160,500	154,500	6,000
Administration:				
Salaries and Wages	39,851	39,851	39,851	-
Fringe Benefits	14,211	14,211	14,211	-
Materials and Supplies	1,806	1,806	504	1,302
Capital Outlay - New	4,703	4,703	2,392	2,311
Total Administration	60,571	60,571	56,958	3,613
Pupil Transportation:				
Purchased Services	6,789	6,789	200	6,589
Total Pupils Transportation	6,789	6,789	200	6,589
Total Support Services	227,859	227,860	211,658	16,202
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	9,953	9,953	9,953	-
Total Operation of Non-Instructional Services	9,953	9,953	9,953	-
Total Expenditures	353,849	353,850	315,269	38,581
<i>Excess of Revenues Over/(Under) Expenditures</i>	(221,220)	(223,272)	(47,320)	175,952
Other Financing Sources (Uses):				
Advances In	155,322	155,322	155,322	-
Advances Out	-	-	(124,757)	(124,757)
Transfers Out	-	(336)	(336)	-
Total Other Financing Sources (Uses)	155,322	154,986	30,229	(124,757)
Net Change in Fund Balance	(65,898)	(68,286)	(17,091)	51,195
Fund Balance (Deficit) at The Beginning of Year	55,671	55,671	55,671	-
Prior Year Encumbrances Appropriated	41,389	41,389	41,389	-
Fund Balance (Deficit) at The End of Year	\$ 31,162	\$ 28,774	\$ 79,969	\$ 51,195

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 308,432	\$ 288,296	\$ 306,370	\$ 18,074
Total Revenues	308,432	288,296	306,370	18,074
Expenditures:				
Current:				
Special:				
Salaries and Wages	302,421	302,421	302,421	-
Fringe Benefits	59,648	59,648	59,648	-
Purchased Services	4,265	4,265	4,265	-
Materials and Supplies	64	64	42	22
Total Instruction	366,398	366,398	366,376	22
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	5,586	5,586	5,586	-
Fringe Benefits	1,589	1,589	1,589	-
Total Operation of Non-Instructional Services	7,175	7,175	7,175	-
<i>Total Expenditures</i>	<u>373,573</u>	<u>373,573</u>	<u>373,551</u>	<u>22</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(65,141)	(85,277)	(67,181)	18,096
Other Financing Sources (Uses):				
Advances In	-	20,037	20,037	-
Advances Out	-	-	(18,030)	(18,030)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>38,067</u>	<u>2,007</u>	<u>(36,060)</u>
Net Change in Fund Balance	(65,141)	(47,210)	(65,174)	(17,964)
Fund Balance (Deficit) at The Beginning of Year	65,199	65,199	65,199	-
Prior Year Encumbrances Appropriated	65,155	65,155	65,155	-
Fund Balance (Deficit) at The End of Year	<u>\$ 65,213</u>	<u>\$ 83,144</u>	<u>\$ 65,180</u>	<u>\$ (17,964)</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,541	\$ 4,309	\$ 17,446	\$ 13,137
Total Revenues	5,541	4,309	17,446	13,137
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	5,075	5,075	-	5,075
Materials and Supplies	5,635	5,635	3,540	2,095
Capital Outlay - New	7,258	7,258	-	7,258
Total Instruction	17,968	17,968	3,540	14,428
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	1,474	1,474	1,474	-
Total Operation of Non-Instructional Services	1,474	1,474	1,474	-
<i>Total Expenditures</i>	19,442	19,442	5,014	14,428
<i>Excess of Revenues Over/(Under) Expenditures</i>	(13,901)	(15,133)	12,432	27,565
Other Financing Sources (Uses):				
Advances In	-	7,504	7,504	-
Advances Out	-	-	(13,121)	(13,121)
<i>Total Other Financing Sources (Uses)</i>	-	14,353	(5,617)	(19,970)
Net Change in Fund Balance	(13,901)	(780)	6,815	7,595
Fund Balance (Deficit) at The Beginning of Year	7,613	7,613	7,613	-
Prior Year Encumbrances Appropriated	7,579	7,579	7,579	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1,291</u>	<u>\$ 14,412</u>	<u>\$ 22,007</u>	<u>\$ 7,595</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,717	\$ 5,767	\$ 7,217	\$ 1,450
Total Revenues	10,717	5,767	7,217	1,450
Expenditures:				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	8,567	8,567	8,567	-
Purchased Services	2,160	2,160	1,991	169
Materials and Supplies	1,206	1,206	1,105	101
Capital Outlay - New	900	900	900	-
Total Support Services	12,833	12,833	12,563	270
Total Expenditures	12,833	12,833	12,563	270
Excess of Revenues Over/(Under) Expenditures	(2,116)	(7,066)	(5,346)	1,720
Other Financing Sources (Uses):				
Advances In	-	4,949	4,949	-
Advances Out	-	-	(1,450)	(1,450)
Total Other Financing Sources (Uses)	-	6,399	3,499	(2,900)
Net Change in Fund Balance	(2,116)	(667)	(1,847)	(1,180)
Fund Balance (Deficit) at The Beginning of Year	2,117	2,117	2,117	-
Prior Year Encumbrances Appropriated	2,117	2,117	2,117	-
Fund Balance (Deficit) at The End of Year	<u>\$ 2,118</u>	<u>\$ 3,567</u>	<u>\$ 2,387</u>	<u>\$ (1,180)</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Class Size Reduction Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 109,130	\$ 97,802	\$ 112,294	\$ 14,492
Total Revenues	109,130	97,802	112,294	14,492
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	53,021	53,021	53,020	1
Fringe Benefits	6,747	6,747	6,747	-
Total Instruction	59,768	59,768	59,767	1
Support Services:				
Pupils:				
Salaries and Wages	17,336	17,336	11,176	6,160
Purchased Services	91,387	91,387	53,986	37,401
Materials and Supplies	6,511	6,511	79	6,432
Total Support Services	115,234	115,234	65,241	49,993
Total Expenditures	175,002	175,002	125,008	49,994
Excess of Revenues Over/(Under) Expenditures	(65,872)	(77,200)	(12,714)	64,486
Other Financing Sources (Uses):				
Advances In	-	8,288	8,288	-
Advances Out	-	-	(8,285)	(8,285)
Total Other Financing Sources (Uses)	-	8,288	3	(8,285)
Net Change in Fund Balance	(65,872)	(68,912)	(12,711)	56,201
Fund Balance (Deficit) at The Beginning of Year	59,668	59,668	59,668	-
Prior Year Encumbrances Appropriated	56,504	56,504	56,504	-
Fund Balance (Deficit) at The End of Year	<u>\$ 50,300</u>	<u>\$ 47,260</u>	<u>\$ 103,461</u>	<u>\$ 56,201</u>

Port Clinton City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Technology Grant Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,788	\$ 5,450	\$ 5,449	\$ (1)
Total Revenues	6,788	5,450	5,449	(1)
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	3,818	3,818	2,174	1,644
Materials and Supplies	4,591	4,592	3,449	1,143
Total Instruction	8,409	8,410	5,623	2,787
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	460	460	-	460
Total Operation of Non-Instructional Services	460	460	-	460
<i>Total Expenditures</i>	8,869	8,870	5,623	3,247
<i>Excess of Revenues Over/(Under) Expenditures</i>	(2,081)	(3,420)	(174)	3,246
Other Financing Sources (Uses):				
Advances In	-	6,341	6,341	-
Advances Out	-	(2,945)	(5,214)	(2,269)
<i>Total Other Financing Sources (Uses)</i>	-	3,396	1,127	(2,269)
Net Change in Fund Balance	(2,081)	(24)	953	977
Fund Balance (Deficit) at The Beginning of Year	2,293	2,293	2,293	-
Prior Year Encumbrances Appropriated	2,174	2,174	2,174	-
Fund Balance (Deficit) at The End of Year	<u>\$ 2,386</u>	<u>\$ 4,443</u>	<u>\$ 5,420</u>	<u>\$ 977</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the fiscal year ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 171,000	\$ 185,167	\$ 185,167	-
Intergovernmental	29,000	21,215	21,215	-
Interest	150	77	87	\$ 10
Total Revenues	200,150	206,459	206,469	10
Expenditures:				
Capital Outlay				
Building Acquisition and Construction:				
Capital Outlay - New	50,000	265,021	201,551	63,470
Total Building Acquisition and Construction	50,000	265,021	201,551	63,470
Building Improvement:				
Capital Outlay - New	172,750	-	-	-
Total Building Improvement	172,750	-	-	-
Total Capital Outlay	222,750	265,021	201,551	63,470
<i>Total Expenditures</i>	<i>222,750</i>	<i>265,021</i>	<i>201,551</i>	<i>63,470</i>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<i>(22,600)</i>	<i>(58,562)</i>	<i>4,918</i>	<i>63,480</i>
Other Financing Sources (Uses):				
Transfers Out	(1,750)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<i>(1,750)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net Change in Fund Balance	(24,350)	(58,562)	4,918	63,480
Fund Balance (Deficit) at The Beginning of Year	87,043	87,043	87,043	-
Fund Balance (Deficit) at The End of Year	<u>\$ 62,693</u>	<u>\$ 28,481</u>	<u>\$ 91,961</u>	<u>\$ 63,480</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Plus Fund
For the fiscal year ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 25,000	\$ 1,648	\$ 1,648	\$ -
Total Revenues	25,000	1,648	1,648	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	7,096	3,699	2,215	1,484
<i>Total Expenditures</i>	7,096	3,699	2,215	1,484
Net Change in Fund Balance	17,904	(2,051)	(567)	1,484
Fund Balance (Deficit) at The Beginning of Year	1,000	1,000	1,000	-
Prior Year Encumbrances Appropriated	1,051	1,051	1,051	-
Fund Balance (Deficit) at The End of Year	<u>\$ 19,955</u>	<u>\$ -</u>	<u>\$ 1,484</u>	<u>\$ 1,484</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 628,000	\$ 717,058	\$ 721,970	\$ 4,912
Intergovernmental	371,811	241,256	84,158	(157,098)
Total Revenues	999,811	958,314	806,128	(152,186)
Debt Service:				
Principal Retirement	\$ 67,804	\$ 208,624	624,000	\$ (415,376)
Interest and Fiscal Charges	173,712	695,492	122,402	573,090
Total Expenditures	241,516	904,116	746,402	157,714
<i>Excess of Revenues Over/(Under) Expenditures</i>	758,295	54,198	59,726	5,528
Other Financing Sources (Uses):				
Transfers In	209,590	209,590	152,186	(57,404)
Total Other Financing Sources (Uses)	209,590	209,590	152,186	(57,404)
Net Change in Fund Balance	967,885	263,788	211,912	(51,876)
Fund Balance (Deficit) at The Beginning of Year	2,121,687	2,121,687	2,121,687	-
Fund Balance (Deficit) at The End of Year	<u>\$ 3,089,572</u>	<u>\$ 2,385,475</u>	<u>\$ 2,333,599</u>	<u>\$ (51,876)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating Revenues:				
Food Services	\$ 530,000	\$ 518,243	\$ 325,847	\$ (192,396)
Grant	-	-	192,397	192,397
<i>Total Operating Revenues</i>	530,000	518,243	518,244	1
Operating Expenses:				
Salaries:				
Food Services Operation	245,270	245,270	245,270	-
Total Salaries	245,270	245,270	245,270	-
Fringe Benefits:				
Food Services Operation	89,445	89,445	89,445	-
Total Fringe Benefits	89,445	89,445	89,445	-
Purchase Services:				
Food Services Operation	30,834	30,834	29,337	1,497
Total Purchase Services	30,834	30,834	29,337	1,497
Supplies and Materials:				
Food Services Operation	201,221	201,221	203,353	(2,132)
Total Supplies and Materials	201,221	201,221	203,353	(2,132)
Capital Outlay - Replacement:				
Food Services Operation	3,000	-	-	-
Total Capital Outlay - Replacement	3,000	-	-	-
Other:				
Food Services Operation	511	511	511	-
Total Other	511	511	511	-
<i>Total Operating Expenses</i>	570,281	567,281	567,916	(635)
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(40,281)	(49,038)	(49,672)	(634)
Non-Operating Revenues/(Expenses):				
Advances In	24,000	34,597	34,597	-
<i>Total Other Financing Sources (Uses)</i>	24,000	34,597	34,597	-
Net Change in Fund Balance	(16,281)	(14,441)	(15,075)	(634)
Fund Balance (Deficit) at The Beginning of Year	17,444	17,444	17,444	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1,163</u>	<u>\$ 3,003</u>	<u>\$ 2,369</u>	<u>\$ (634)</u>

Port Clinton City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Scholarship Trust Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Interest	\$ 300	\$ 73	\$ 82	\$ 9
<i>Total Operating Revenues</i>	300	73	82	9
Operating Expenses:				
Other:				
Pupils	125	1,000	1,000	-
<i>Total Operating Expenses</i>	125	1,000	1,000	-
Net Change in Fund Balance	175	(927)	(918)	9
Fund Balance (Deficit) at The Beginning of Year	15,478	15,478	15,478	-
Fund Balance (Deficit) at The End of Year	<u>\$ 15,653</u>	<u>\$ 14,551</u>	<u>\$ 14,560</u>	<u>\$ 9</u>

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Statistical Section



Port Clinton City School District
 Governmental Activities
 Revenue by Source and Expenses/Expenditures by Function (1)
 Last Ten Fiscal Years

	2004		2003		2002
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	
Program Revenues					
Charges for Services	\$ 207,362	N/A	\$ 109,230	N/A	N/A
Operating Grants and Contributions	1,316,134	N/A	450,173	N/A	N/A
General Revenues					
Taxes	\$ 12,937,094	\$ 13,030,860	10,686,362	\$ 10,567,950	\$ 10,360,805
Intergovernmental	4,550,036	5,866,170	5,123,349	5,573,522	5,353,784
Interest	85,058	85,058	159,821	159,821	367,594
Tuition and Fees	-	86,877	-	-	-
Classroom Materials and Fees	-	81,757	-	77,312	87,784
Extracurricular Activities	-	125,605	-	140,403	141,645
Refund of Prior Year Expenditure	-	-	58,462	58,462	11,369
Proceeds from Sale of Notes	-	-	-	700,400	676,000
Contributions and Donations	-	-	-	-	-
Gain on Sales of Capital Asset	-	3,386	4,521	4,521	375
Miscellaneous	188,920	206,412	268,125	190,813	45,090
Other Non-operating Revenues	-	-	31,173	-	-
Premium on Bonds	292,847	292,847	-	-	-
Proceeds of Refunding Debt	-	4,274,994	-	-	-
Transfers	-	153,677	-	209,590	117,461
Total	\$ 19,577,451	\$ 24,207,643	\$ 16,891,216	\$ 17,682,794	\$ 17,161,907
Expenses/Expenditures					
Current:					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 10,183,979
Regular	7,644,195	7,930,519	8,279,767	7,784,174	-
Special	1,888,795	1,839,406	2,044,738	2,033,158	-
Vocational	96,417	96,417	120,003	119,889	-
Other	430,006	430,006	429,752	429,752	-
Support Services:					
Pupil	1,576,735	1,520,333	1,452,659	1,430,329	1,338,307
Instructional Staff	396,087	398,416	376,684	403,463	365,488
Board of Education	12,079	12,079	15,826	15,826	15,884
Administration	1,571,627	1,505,653	1,301,249	1,355,445	1,825,825
Fiscal	265,342	273,191	243,313	233,263	332,001
Business	-	-	-	-	-
Operation and Maintenance of Plant	2,060,611	2,007,477	1,873,713	1,902,761	1,907,033
Pupil Transportation	1,007,086	899,186	960,795	909,146	1,014,587
Central	67,736	67,083	45,870	17,385	1,749
Operation of Non-instructional Services	206,807	207,076	172,005	167,439	98,973
Extracurricular Activities	527,975	518,665	533,785	528,033	1,670,745
Capital Outlay	-	261,744	-	303,735	21,533
Debt Service	865,248	1,039,248	718,744	989,960	868,973
Payment to Refunded Debt Escrow	-	4,274,994	-	-	-
Transfers	-	153,677	-	209,590	167,481
Total	\$ 18,616,746	\$ 23,435,170	\$ 18,568,903	\$ 18,833,348	\$ 19,812,558

Source: School District Financial Records

(1) Includes General, Special Revenue, Capital Projects and Debt Service funds for modified accrual and all governmental activities for full accrual.

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$	11,760,399	\$ 11,400,256	\$ 11,534,898	\$ 10,951,963	\$ 11,915,484	\$ 10,258,509	\$ 9,248,031
	5,346,394	5,087,657	4,895,305	4,667,286	4,646,831	5,480,442	4,334,695
	687,628	597,920	484,005	460,984	365,452	287,397	161,318
	-	-	114,796	102,603	117,200	133,385	61,383
	106,639	98,162	298	-	-	-	-
	130,155	123,707	111,409	114,247	110,022	122,775	128,054
	60,419	13,468	33,352	73,788	13,407	9,640	13,469
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,647	230	2,016	864	(92)	502	6,644
	97,734	102,332	117,431	171,509	67,560	90,211	43,017
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	126,015	100,594	896,643	294,847	314,394	313,199	220,130
\$	<u>18,317,030</u>	<u>17,524,326</u>	<u>18,190,153</u>	<u>16,838,091</u>	<u>17,550,258</u>	<u>16,696,060</u>	<u>14,216,741</u>
\$	9,694,652	\$ 9,263,680	\$ 8,777,374	\$ 8,234,243	\$ 8,220,089	\$ 7,592,819	\$ 7,436,097
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,274,601	1,217,897	1,124,746	1,032,561	944,142	874,705	683,675
	351,656	370,326	398,127	419,926	332,486	308,967	255,973
	9,854	8,931	12,543	11,204	9,323	16,769	27,723
	1,592,781	1,426,513	1,430,375	1,235,441	1,155,351	1,011,458	1,044,809
	254,763	246,822	249,303	216,817	418,575	430,506	249,627
	-	184	618	-	-	-	-
	1,833,685	1,768,328	1,613,084	1,522,640	1,647,388	1,489,424	1,432,192
	951,757	748,557	766,120	671,007	789,154	586,349	569,117
	2,055	2,055	27,505	2,174	4,209	2,154	3,052
	81,139	87,253	106,501	61,819	240,578	9,584	6,186
	415,283	333,786	380,389	364,887	327,984	344,684	364,837
	193,925	116,312	433,930	183,623	83,643	212,639	117,620
	886,741	867,098	863,841	883,129	880,800	877,710	951,242
	-	-	-	-	-	-	-
	167,104	160,594	952,218	340,922	352,394	301,808	235,130
\$	<u>17,709,996</u>	<u>16,618,336</u>	<u>17,136,674</u>	<u>15,180,393</u>	<u>15,406,116</u>	<u>14,059,576</u>	<u>13,377,280</u>

Port Clinton City School District
Property Tax Levies and Collections (1)
Last Three Calendar Years (2)

Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
2003	\$ 12,046,711	\$ 1,249,452	\$ 13,296,163	\$ 10,978,643	91.13%	n/a	\$ 10,978,643	91.13%
2002	14,900,844	466,758	15,367,602	13,088,976	87.84%	n/a	13,088,976	87.84%
2001	15,811,841	595,708	16,407,549	13,037,365	82.45%	n/a	13,037,365	82.45%

Source: Ottawa County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor

- (1) Includes Homestead/Rollback taxes assessed locally, but distribution through the State and reported as Intergovernmental Revenue.
- (2) Information prior to 2001 is not available.

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

Collection Year	Real Property		Personal Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	
	Value	Actual Value(1)	Value	Actual Value(1)	Value	Actual Value(1)	Value	Actual Value(1)	
2004	\$452,700,720	\$1,293,430,629	\$18,345,930	\$20,847,648	\$37,436,521	\$149,746,084	\$508,483,171	\$1,452,809,060	35%
2003	387,411,300	1,106,689,428	19,373,720	22,015,591	39,880,548	159,442,192	446,665,568	1,276,187,337	35%
2002	380,852,500	1,088,150,000	18,992,240	21,582,091	40,122,425	160,489,700	439,967,165	1,257,049,043	35%
2001	375,200,140	1,072,000,400	23,807,370	27,053,830	42,362,220	169,448,880	441,369,730	1,261,056,371	35%
2000	324,814,930	928,042,657	24,043,690	27,322,375	44,570,971	178,283,884	393,429,591	1,124,084,546	35%
1999	320,827,330	916,649,514	25,955,520	29,494,909	43,687,877	174,751,508	390,470,727	1,115,630,649	35%
1998	317,069,370	905,912,486	25,699,310	29,203,761	39,246,903	156,987,612	382,015,583	1,091,473,094	35%
1997	263,973,680	754,210,514	26,503,600	30,117,727	34,828,328	139,313,312	325,305,608	929,444,594	35%
1996	260,249,840	743,570,971	27,606,620	31,371,159	34,927,312	139,709,248	322,983,772	922,810,777	35%
1995	261,036,250	745,817,657	31,104,600	35,346,136	32,013,906	128,055,624	324,154,756	926,156,446	35%

Source: Ottawa County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor

(1) This amount is calculated based on the following percentages:

Real property is assessed at 35 percent of actual value.

Public utility/personal property is assessed at 88 percent of actual value.

Tangible personal property is assessed at 25 percent of actual value.

Port Clinton City School District
Property Tax Rates – Direct and Overlapping Governments
(per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Year	School Levy	JVS	County Levy	Township Levies (avg)	Total Levy	Debt Service Included in Total Levy		
						School	County	Total
2004	61.19	1.60	7.10	5.04	74.93	1.70	0.15	1.85
2003	57.30	1.60	5.70	5.04	69.64	1.70	0.30	2.00
2002	57.30	1.60	5.70	5.04	69.64	1.70	0.30	2.00
2001	57.30	1.60	5.70	5.04	69.64	1.70	0.30	2.00
2000	58.40	1.60	5.70	4.83	70.53	2.80	0.30	3.10
1999	58.40	1.60	5.70	4.83	70.53	2.80	0.30	3.10
1998	58.40	1.60	5.90	4.75	70.65	2.80	0.30	3.10
1997	58.40	1.60	5.90	4.75	70.65	2.80	0.30	3.10
1996	59.40	1.60	5.90	4.75	71.65	2.80	0.30	3.10
1995	52.80	1.60	5.90	4.75	65.05	2.80	0.30	3.10

Source: Ottawa County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor

Port Clinton City School District
Ratio of Net Obligation Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita
Last Ten Years

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Port Clinton CSD Area Population (1)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$4,194,994	\$508,483,171	13,804	0.83%	303.90
2003	4,389,624	446,665,568	13,804	0.98	318.00
2002	4,613,840	439,967,165	13,804	1.05	334.24
2001	4,844,671	441,369,730	13,804	1.10	350.96
2000	5,087,528	393,429,591	13,804	1.29	368.55
1999	5,344,947	390,470,727	14,584	1.37	366.49
1998	5,924,957	382,015,583	14,584	1.55	406.26
1997	6,499,957	325,305,608	14,584	2.00	445.69
1996	7,049,957	322,983,772	14,584	2.18	483.40
1995	7,559,957	324,154,756	14,584	2.33	518.37

Source:

- (1) School District Financial Records
- (2) Ottawa County, Ohio; County Auditor

Port Clinton City School District
 Computation of Direct and Overlapping
 General Obligation Bonded Debt
 June 30, 2004

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Direct:			
Port Clinton School District	\$ 4,194,994	100%	\$ 4,194,994
Overlapping:			
Ottawa County	18,787,756	33.55%	6,303,292
Port Clinton City	<u>1,120,812</u>	100.00%	<u>1,120,812</u>
Total Overlapping	<u>19,908,568</u>		<u>7,424,104</u>
Totals	<u><u>\$ 24,103,562</u></u>		<u><u>\$ 11,619,098</u></u>

Source: Ottawa County Auditor and Port Clinton City School District

(1) Percentage were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

Port Clinton City School District
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to General Fund Expenditures
Last Ten Fiscal Years

Year	General Obligation Principal	General Obligation Interest	General Obligation Debt Service	Total General Fund Expenditures	Ratio of General Obligation Debt Service to General Fund Operating Expenditures
2004	\$ 174,000	\$ 513,988	\$ 687,988	\$ 15,942,711	4.32%
2003	224,216	621,879	846,095	15,740,475	5.38
2002	230,831	638,142	868,973	16,223,344	5.36
2001	242,857	643,884	886,741	15,554,462	5.70
2000	257,429	609,669	867,098	14,593,281	5.94
1999	580,000	283,841	863,841	14,024,432	6.16
1998	575,000	308,129	883,129	13,056,080	6.76
1997	550,000	330,800	880,800	13,091,182	6.73
1996	524,720	352,990	877,710	12,007,609	7.31
1995	578,173	373,069	951,242	11,344,676	8.38

Source: School District Financial Records

Port Clinton City School District
Demographic Statistics
Last Ten Years

Year	Ottawa County Population (1)	Port Clinton CSD Area Population (2)	School Enrollment (3)	Ottawa County Unemployment Rate (4)
2004	40,750	13,804	1,921	9.6%
2003	40,750	13,804	1,906	9.5
2002	40,895	13,804	1,873	9.0
2001	40,985	13,804	1,914	8.9
2000	40,985	13,804	1,969	7.9
1999	38,840	14,584	2,086	7.8
1998	38,900	14,584	2,157	7.6
1997	39,009	14,584	2,310	7.9
1996	39,140	14,584	2,334	6.9
1995	39,300	14,584	2,346	6.8

Source:

- (1) Estimated Figure from U.S. Census Bureau
- (2) State of Ohio – Office of Strategic Research
- (3) School District Records
- (4) Ohio Bureau of Employment Services

Port Clinton City School District
 Financial Institution Deposits, Property Value and Building Permits
 Last Three Years (1)

Year	Property Value (2) (Real Estate Only)	Financial Institution Deposit Banks	Value of Permits Issued Ottawa County	Value of Permits Issued City of Port Clinton	Value of Permits Issued Bay Township	Value of Permits Issued Catawba Township	Value of Permits Issued Erie Township	Value of Permits Issued Portage Township
2003	\$ 387,411,300	\$ 292,713,000	\$ 44,663,566	\$ 2,224,152	\$ 1,222,658	\$ 10,938,164	\$ 326,800	\$ 2,619,783
2002	380,852,500	253,635,000	41,801,035	178,689	1,786,200	13,405,822	303,500	1,008,500
2001	375,200,140	222,518,000	47,746,550	441,583	730,443	7,702,080	534,780	1,467,249

Sources: Ottawa County Auditor
 Federal Reserve Bank of Cleveland
 Building Department reports

- (1) Information for years before 2001 are unavailable.
- (2) Represents assessed value.

Port Clinton City School District
Principal Taxpayers
Real Property Tax
December 31, 2003

<u>Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percentage of Total Real Property Tax Assessed Value</u>
Lakeview Estates Apt.	\$ 875,000	0.19%
Wal-mart Stores	934,500	0.21%
Erie Islands Resort & Marina	1,047,740	0.23%
Knoll Crest Village	1,183,950	0.26%
Bassetts IGA	1,303,050	0.29%
Baker Family Ltd Partnership	1,473,320	0.33%
Marina Alliance LTD	1,510,260	0.33%
R & M Co.	1,610,660	0.36%
The Kroger Co.	1,742,540	0.38%
United States Gypsum	<u>1,803,750</u>	<u>0.40%</u>
	<u>\$ 13,484,770</u>	<u>2.98%</u>
 Total Real Property Tax Assessed Valuation	 <u>\$ 452,700,720</u>	

Sources: Ottawa County Auditor

(1) Assessed values are for the 2004 collection year

Port Clinton City School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2003

<u>Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percentage of Total Tangible Personal Property Tax Assessed Value</u>
Courtesy Auto World	\$ 599,330	1.60%
Happy Days Boating	581,383	1.55%
SMBR Realty	662,160	1.77%
Adelphia Communications	696,130	1.86%
Wal-mart Stores	796,450	2.13%
Baumann Auto	1,155,170	3.09%
Marinemax of Ohio	1,553,340	4.15%
Scandura Ohio	2,728,770	7.29%
Silgan Plastics Corp	5,640,880	15.07%
United States Gypsum	<u>5,691,090</u>	<u>15.20%</u>
	<u>\$ 20,104,703</u>	<u>53.70%</u>
Total Tangible Personal Property Tax Assessed Valuation	<u>\$ 37,436,521</u>	

Sources: Ottawa Auditor

(1) Assessed values are for the 2004 collection year

Port Clinton City School District
Principal Taxpayers
Public Utilities Tangible Property Tax
December 31, 2003

<u>Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percentage of Total Public Utility Tangible Property Tax Assessed Value</u>
Columbia Gas Transmission	\$ 362,200	1.97%
Ohio Telephone & Telegraph	299,880	1.63%
Columbia Gas	813,510	4.43%
Norfolk Southern	1,245,790	6.79%
American Transmission	1,507,300	8.22%
Verizon North	2,639,560	14.39%
Ohio Edison	8,658,930	47.20%
Q West Communications	414,550	2.26%
Toledo Edison	236,000	1.29%
P-I-B Boat Line	<u>1,109,890</u>	<u>6.05%</u>
	<u>\$ 17,287,610</u>	<u>94.23%</u>
 Total Public Utility Tangible Property Tax Assessed Valuation	 <u>\$ 18,345,930</u>	

Sources: Ottawa County Auditor

(1) Assessed values are for the 2004 collection year.

Port Clinton City School District
Per Pupil Cost
Last Ten Fiscal Years

Year	General Fund Expenditures	School Enrollment	Per Pupil Cost
2004	\$ 15,942,711	1,901	8,386
2003	15,740,475	1,906	8,258
2002	16,223,344	1,873	8,662
2001	15,554,462	1,914	8,127
2000	14,593,281	1,969	7,412
1999	14,024,432	2,086	6,723
1998	13,056,080	2,157	6,053
1997	13,091,182	2,310	5,667
1996	12,007,609	2,334	5,145
1995	11,344,676	2,346	4,836

Sources: School District Financial Records

Port Clinton City School District
 Teacher Education and Experience
 June 30, 2004

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	13	9.29%
Bachelor + 150 hours	25	17.86%
Master's Degree	74	52.86%
Master's + 30 Hours	28	20.00%
Total	140	100.00%

Year of Experience	Number of Teachers	Percentage of Total
0 - 5	23	16.43%
6 - 10	30	21.43%
11 - 15	24	17.14%
16 and Over	63	45.00%
Total	140	100.00%

Source: School District Personnel Records

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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
JULY 18, 2005**