

**PICKERINGTON LOCAL
SCHOOL DISTRICT**

SUPPLEMENTAL REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2004

W. VINCE UTTERBACK, TREASURER



**Auditor of State
Betty Montgomery**

Board of Education
Pickerington Local School District
777 Long Road
Pickerington, Ohio 43147

We have reviewed the Independent Auditor's Report of the Pickerington Local School District, Fairfield County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2003 to 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 Pickerington Local School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 14, 2005

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**PICKERINGTON LOCAL SCHOOL DISTRICT
Supplemental Reports**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

INDEPENDENT AUDITORS’ REPORT ON SUPPLEMENTARY SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

Board of Education
Pickerington Local School District
779 Long Road
Pickerington, OH 43147

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickerington Local School District as of and for the year ended June 30, 2004, and have issued our report thereon dated January 21, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Pickerington Local School District’s basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
January 21, 2005

PICKERINGTON LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (B) Food Distribution	10.550	N/A	\$ -	\$ 195,337	\$ -	\$ 195,337
(A) (C) School Breakfast Program	10.553	046896-05PU-2003	1,820	-	1,820	-
(A) (C) School Breakfast Program	10.553	046896-05PU-2004	9,044	-	9,044	-
(A) (C) National School Lunch	10.555	046896-LLP4-2003	83,806	-	83,806	-
(A) (C) National School Lunch	10.555	046896-LLP4-2004	270,020	-	270,020	-
Total U.S. Department of Agriculture and Nutrition Cluster			364,690	195,337	364,690	195,337
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	046896-C1-S1-2003	11,672		15,779	
Title I - Grants to Local Educational Agencies	84.010	046896-C1-S1-2004	250,633		233,367	
Total Title I			262,305		249,146	
Special Education: Grants to States	84.027	046896-6B-SA-2004-P	8,596		8,123	
Special Education: Grants to States	84.027	046896-6B-SF-2003-P	42,997		109,523	
Special Education: Grants to States	84.027	046896-6B-SF-2004	750,584		657,919	
Total Special Education: Grants to States			802,177		775,565	
(E) Safe and Drug-Free Schools	84.186	046896-DR-S1-2003	(95)		66	
Safe and Drug-Free Schools	84.186	046896-DR-S1-2004	21,013		20,996	
Total Safe and Drug-Free Schools Grants			20,918		21,062	
State Grants for Innovative Programs	84.298	046896-C2-S1-2003	2,892		7,240	
State Grants for Innovative Programs	84.298	046896-C2-S1-2004	45,333		45,333	
Total State Grants for Innovative Programs			48,225		52,573	
(E) Technology Literacy Challenge Fund Grants	84.318	046896-TJ-S1-2003	(2,415)		-	
Technology Literacy Challenge Fund Grants	84.318	046896-TJ-S1-2004	3,397		3,397	
Total Technology Literacy Challenge Fund Grants			982		3,397	
(F) Assistive Technology Infusion Project	84.352A	046896-AT-S2-2002	(3,662)		17,391	
Assistive Technology Infusion Project	84.352A	046896-AT-S3-2002	16,243		16,243	
Total Assistive Technology Infusion Project			12,581		33,634	
(E) English Language Acquisition Grants	84.365	046896-T3-S1-2003	(2,210)		1,054	
English Language Acquisition Grants	84.365	046896-T3-S1-2004	23,514		19,938	
English Language Acquisition Grants	84.365	046896-T3-S2-2004	1,275		8,742	
Total English Language Acquisition Grants			22,579		29,734	
Improving Teacher Quality	84.367	046896-TR-S1-2003	15,414		30,871	
Improving Teacher Quality	84.367	046896-TR-S1-2004	114,642		111,635	
Total Improving Teacher Quality			130,056		142,506	
Total U.S. Department of Education			1,299,823		1,307,617	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
Temporary Assistance for Needy Families	93.558	N/A	1,661		1,661	
Transition Refugee Children	93.576	046896-RI-S1-2003	-		35	
Transition Refugee Children	93.576	046896-RI-S1-2004	-		1,150	
Total Transition Refugee Children			-		1,185	
Total U.S. Department of Health and Human Services			1,661		2,846	
Total Federal Financial Assistance			\$ 1,666,174	\$ 195,337	\$ 1,675,153	\$ 195,337

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
(B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(D) This schedule was prepared on the cash basis of accounting.
(E) Amount transferred to FY04 grant from FY03.
(F) Amount repaid to the Ohio Department of Education based on expiration of period of availability.

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“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

Board of Education
Pickerington Local School District
779 Long Road
Pickerington, OH 43147

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickerington Local School District as of and for the fiscal year ended June 30, 2004, which collectively comprise the Pickerington Local School District’s basic financial statements and have issued our report thereon dated January 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pickerington Local School 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 an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Pickerington Local School District in a separate letter dated January 21, 2005.

Board of Education
Pickerington Local School District

Compliance and Other Matters

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

This report is intended solely for the information and use of the management and Board of Education of Pickerington Local School District, 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.



Trimble, Julian & Grube, Inc.
January 21, 2005

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“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

Board of Education
Pickerington Local School District
779 Long Road
Pickerington, OH 43147

Compliance

We have audited the compliance of the Pickerington Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2004. Pickerington Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Pickerington Local School District's management. Our responsibility is to express an opinion on the Pickerington Local School 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, Audit of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pickerington Local School 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 Pickerington Local School District's compliance with those requirements.

Board of Education
Pickerington Local School District

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

Internal Control Over Compliance

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

This report is intended solely for the information of the management and Board of Education of the Pickerington Local School District, 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
January 21, 2005

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO
JUNE 30, 2004**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO
JUNE 30, 2004**

**SCHEDULE OF FINDINGS
*OMB CIRCULAR A-133 § .505***

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

PICKERINGTON LOCAL
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2004

PREPARED BY
TREASURER'S DEPARTMENT
W. VINCE UTTERBACK, TREASURER

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INTRODUCTORY SECTION

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

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

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Pickerington Local School District

777 LONG ROAD
PICKERINGTON, OHIO 43147
(614) 833-2110

SUPERINTENDENT
DR. ROBERT H. THIEDE

ASSISTANT SUPERINTENDENT
H. LEWIS STEMEN

**DIRECTOR OF INSTRUCTION/
PERSONNEL**
DEBRA P. SAWYER

DIRECTOR OF STUDENT SERVICES
GEORGE W. VICKROY

DIRECTOR OF SPECIAL EDUCATION
TIMOTHY B. McMANUS

BUSINESS MANAGER
BARBARA A. GEIS

BOARD OF EDUCATION

GAIL E. OAKES, Pres.
JAMES R. BRINK, V. Pres.

WES MONHOLLEN

LISA A. READE

LORI A. SANDERS

WILLIAM V. UTTERBACK, Treasurer

PRINCIPALS

CHARLES E. KEMPER

Pickerington High School Central

MICHAEL G. SMITH

Pickerington High School North

JAMES SOTLAR

Pickerington Lakeview Junior High

CHARLES A. BYERS

Pickerington Ridgeview Junior High

D. MARK JONES

Diley Middle School 5 - 6

GARY E. MORROW

Harmon Middle School 5 - 6

FREDERICK W. NIHISER

Fairfield Elementary

DAVID E. TOOPES

*Heritage Elementary
Heritage Middle School*

JANE C. VAZQUEZ

Pickerington Elementary

THOMAS C. WILKINSON

Tussing Elementary

KRISTI MOTSCH

Violet Elementary

January 26, 2005

To the Board of Education and the Citizens of the Pickerington Local School District:

As the Treasurer of the Pickerington Local School District (the "District"), I am pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. The CAFR for the year ended June 30, 2004 is prepared in accordance with accounting principals 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) using guidelines recommended by the Government Finance Officers Association (GFOA).

This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes a table of contents, this transmittal letter, a list of the District's elected officials and administrative staff, the District's organizational chart, and the award received from GFOA for the District's 2003 CAFR. The financial section includes the management's discussion and analysis, basic financial statements and the combining statements and individual fund schedules, as well as the independent auditor's report on the financial statements and schedules. The statistical section provides pertinent financial, economic, and demographic information indicating ten-year historical trends.

The Office of the Treasurer is responsible for the accuracy of the data presented and the completeness and fairness of this presentation. We believe the data presented is accurate in all material aspects and that all disclosures necessary to enable the reader to acquire the maximum understanding of the District's financial activity are included herein.

Reporting Entity

The District originated in the late 1800's, built its first building in 1907, and is a fiscally independent political subdivision in the State of Ohio. By statute the District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code to provide education services authorized by charter and further mandated by state and/or federal agencies. The District is in a suburb of Columbus, the state capital, and operated two high schools, two junior high schools, two middle schools, and five elementary schools as of June 30, 2004.

The basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity", in that the financial statements include all organizations, programs, activities, and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the School District (i.e., there are no component units).

Economic Outlook

The District is located primarily in Fairfield County, with a small portion extending into Franklin County. The District covers approximately 37 square miles in and around the City of Pickerington. Located approximately 15 miles from downtown Columbus, Ohio, the District is largely rural/suburban in character and is considered a growing, middle-class suburb of Columbus. The Columbus area has maintained a strong economic climate, even during periods of recession. This is due to the fact that Columbus is the state capitol, and is national headquarters for many corporations and insurance companies. There are also a number of universities in the area which contribute to a stable local economy. This stability has contributed to the growth of the District.

The community is extremely supportive of the District as witnessed by recent voter affirmation of a \$77.5 million bond issue in fiscal 2002 for the purpose of constructing a new high school and junior high school. The new high school was opened for the 2003-2004 school year. In 1990, the community approved a school district income tax. It is anticipated that the income tax will provide a better source of funding than the traditional property tax, because of its ability to grow as the District grows.

As can be seen in Note 10 of the financial statements, voters have routinely supported the District in its efforts to keep pace with increased student population.

The latest recession has caused great impact on white-collar workers, which has affected the economy of the District. During the expansionary economy, our income tax was inflated by capital gains, bonuses, and other income like items. Since we do not rely on property tax income from a large commercial base, property tax revenues should remain stable. This state, like most states, is experiencing a very dramatic deficit which has resulted in budget cuts. These cuts have been very dramatic to the District since over 50% of its revenue comes from the state.

Ohio House Bill 412 requires school districts to spend a certain portion of their revenues on specific categories of expenditures as specified in the law. In the event that the District does not meet the required expenditure level, the shortfall would be reserved and carried forward to the next fiscal year and would be expected to be spent in addition to any requirement for that fiscal year. Two categories of "set-asides" or reserves are pertinent to the District: the textbook and instructional materials set-aside and the capital acquisition set-aside. The set-asides for the textbook and instructional materials and the capital acquisition are required by state statute. For fiscal 2004, the District had offsets and qualifying disbursements which well exceeded the required set-asides. Given the District's current and anticipated expenditure patterns and levels, the board expects to exceed these requirements for the foreseeable future.

The District's financial condition continues to be an area of focus for the Board of Education and Administration. Currently in litigation is the State School Funding issue known as the "DeRolph Case", the Perry County Court of Common Pleas in 1995 declared the state's method of funding school districts to be unconstitutional. On March 24, 1997, the Ohio Supreme Court upheld most of the Perry County ruling by declaring certain portions of the Ohio school funding plan unconstitutional. Declared unconstitutional was the state's 'school foundation program', which provides significant amounts of monetary support to the District.

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

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

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

Service Provided

The District provides a wide variety of educational and support services as mandated by state statute or public desires. These include regular and vocational instruction, special instructional programs for handicapped and gifted students, student guidance and health services, as well as extracurricular activities. The District has a reputation of academic excellence as witnessed by scores on standardized tests.

Instructional Program

Introduction/Overview

While growth in student population presents challenges to provide student housing to maintain appropriate class sizes, and additional effort to ensure horizontal and vertical articulation of instruction, growth has also provided the District opportunities it otherwise might not have had.

In 1989, the District approved a bond issue that funded a state of the art high school for 1800 students. As a result, grades 7 and 8 were relocated to the junior high (old high school building) and grade 5 was moved from each elementary building and relocated with the sixth grade to form a middle school.

More important than the physical improvements and adjustments is the fact that these organizational efforts resulted in a restructuring of both the 5-6 and 7-8 buildings. These facilities now operate in teams, or a "school-within-a-school" concept, which has enhanced instruction and provided numerous opportunities to pay closer attention to each student.

The high school facility has supported enhanced computer usage and instruction, a growing broadcast journalism program, an expanded writing program, integrated instruction in algebra, chemistry, English and American history, as well as other program improvements.

While Pickerington High School has a well-deserved reputation of being one of the finest public high schools in Central Ohio, efforts have been made to identify and evaluate ways to even better meet the needs and interests of students. Included in these efforts have been mentoring, internships, "double-blocking" of classes to enhance time usage, redefining requirements for honors classes, a review of the graduation requirements, an increase in athletic academic eligibility standards, and expansion of advanced placement course offerings.

Tussing Elementary, one of the District's newer buildings, reflects current teaching methodology. Two million dollars in computers and related technology for grades K-12 were purchased due to the passage of a 1993 bond issue. SchoolNet Plus has provided over 1.86 million dollars to support the purchase of K-7 hardware, software and professional development. Also included in the \$13.6 million bond issue was money to expand the cafeteria and physical education area in the junior high.

In November of 1997, the District passed another bond issue. This issue, coupled with a \$6.7 million interest-free state loan, supported the construction of two new middle schools (grades 5-6) and the renovation of the current middle grade facility to serve as an additional elementary school. These two middle schools were built to facilitate the District's teaming program.

Our community's greatest building achievement was passed in November of 2000. The District residents passed a \$77.5 million bond issue as well as a 3 mill-operating levy during its first attempt. These dollars were used to construct a second high school and junior high school which opened in August of 2003.

August 2001 marked the reopening of our "East Street Facility" as Heritage Elementary. This facility housed the district's original K-12 school since 1907. It was closed for one year to enable contractors to complete an extensive renovation which was completed in fiscal year 2002.

Recently completed projects, or ones underway, include:

Reorganization of Grades 7 & 8: With the move to the newly renovated facility, extensive work was done to restructure how students and staff were organized. A "team" concept was implemented in grade 7 in 1993-94; the concept was extended to grade 8 in 1994-95. This teaming approach, coupled with the hard work of the dedicated teaching staff, has created a highly focused learning atmosphere. In 2000, the 8th grade placed in the top 3% of districts in Ohio on the 9th grade Proficiency tests.

Reorganization of Grades 5 & 6: In 1992, Pickerington Middle School opened. It was housed in the District's oldest facility, but met with outstanding success. Working in teams of two teachers in grade 5 and teams of three teachers in grade 6, staff unity, student identity, and a school climate that literally shouts "learning is fun!" would best characterize this faculty and student body.

August 2000 saw the splitting of these two staffs as they occupied the new Diley Middle School and Harmon Middle School. The tradition of academic excellence continued as the District's sixth graders met all five proficiency standards on the Local Report Card and made significant gains in 3 of the 5 subject areas.

Reorganization of Grade Four: Many of the fourth grade classrooms across the District began a teaming approach to their instructional delivery in 1999-2000. Working in teams of two, teachers intend to provide better delivery of instruction in all core content areas.

Reorganization of Gifted & Talented: The District currently operates in-house programs for gifted and talented students, in grade 4, at each elementary, and grades 5 and 6 at the middle school. The program was expanded in 1996-97 to include even more students, and an additional teacher. The teachers requested and earned a Jennings grant in 1996-97 to expand support services to regular classrooms. During the 2000-01 school years, two additional teachers were hired at the elementary level.

With the opening of our fifth elementary, the District continues to provide a gifted teacher for each elementary building. Assignment to one building allows these teachers time to provide for fourth grade gifted instruction, act as a gifted resource to all classroom teachers, and provide math intervention to 2nd and 3rd graders thanks to funding provided by Title VI-R.

Latchkey Program: A latchkey child care program was begun in the District in the fall of 1992. The program, originally housed in the Violet Elementary School, has expanded to include Fairfield Elementary, Tussing Elementary, Pickerington, and Heritage Elementary. All elementary schools are currently providing this service to our community.

Foreign Languages: Following two years of diligent study, the Board of Education approved the implementation of foreign language instruction in the junior high school in 1994. Seventh (7th) and eighth (8th) grade students are able to enroll in an elective study of German, Spanish, and French to complete first-year study over a two-year period. Latin and American Sign Language have also been added at the high school. This year the district's first students, completed this program, and were able to enroll in a fifth year of foreign language as seniors.

High School Credit as an Option for Junior High Students: Junior High students had the option of earning High School credits for Algebra, Honors Algebra, and Foreign Language courses beginning in the 1998-99 school year. In the 1999-2000 school year Biology A and Earth Science A, both high school science courses, were available for credit at the Junior High level.

Strings in Music: The District recently added a string program in its music offerings. The District is incorporating strings into its regular instrumental music program in grades 6-12.

Technology in Instruction: In 1990, if there was one area in which the District was behind, it was in the incorporation of technology into its instructional programs. While much of this problem was addressed at the high school level with the acquisition of equipment via the bond issue, which built the building, the rest of the District was lacking. This was not due to a lack of interest or desire on the part of the staff or administration, but rather to the size of investment required to provide the technology itself. This has all changed with the passage of the 1993 bond issue, which provided significant funding for technology, and with two statewide initiatives, SchoolNet and several rounds of SchoolNet Plus funding.

A districtwide committee planned an initial improvement phase, which included computers, videodiscs, automation of libraries, computer and videodisc software, networking, and extensive staff training. Implementation of this nearly two million-dollar project began in January of 1994. The focus of the effort is to incorporate technology into instruction to enhance and/or improve it, not to just teach technology for its own sake.

In addition to these efforts, the District had also participated with Ameritech in the installation of an interactive, distance learning project. Recent upgrades to this lab could potentially link our high school with other facilities across the nation. The possibility for staff and students are limitless. The opening of our second high school in fiscal year 2004 provided another opportunity for shared staffing using distance learning as both high school facilities will have two sites each for sharing classes.

The summer of 1996 the District was notified that it had been approved to participate in SchoolNet and SchoolNet Plus projects. These state-supported programs have provided more than \$1 million to create local area networks in each building, a Wide Area Network for the District to link all classrooms to the Internet, and the funding to purchase additional workstations (1 for each 5 students) for all K-4 classrooms. During the spring of 2000, the District was approved for round 4 of SchoolNet Plus. These funds along with bond funding provided additional workstations (1 for each 5 students) for all 5th and 6th grade classrooms. In June 2002, the District was approved for SchoolNet Round 5. These funds in conjunction with bond proceeds will provide students in 7th and 8th grade with a 1 to 5 ratio. The District's most recent technology challenges have been the support of this hardware and replacements for aging technology, especially at the 7-12 levels. The District made a significant impact in regards to aging hardware with the leasing of 250 new iMacs June 2000, and the purchase of an additional 140 in the summer of 2001. During the 2002-2003 school years, interest from bonds were used to upgrade both Pickerington Central High School and Pickerington Ridgeview Junior High School.

During the summer of 2002, the District technology staff worked diligently to bring the District's network up to capacity. In a growing environment such as our District has experienced the networks efficiency was greatly lacking. All nine buildings are able to connect and work in a quick and stable environment. Funds were set aside from interest earned by the District to accomplish these tasks.

Broadcast Journalism: A program is in place to teach high school students the basics of broadcast journalism. A daily announcement show, formatted as a news show, delivers information to students on a building-wide, closed circuit television network. The students write, stage, and produce the show in its entirety, in-house. The program also writes and produces a bi-weekly television program aired throughout Central Ohio on local cable channels.

Expanded Summer School Opportunities: As discussions have occurred throughout the District on many instructional items, it has become apparent that either the school day or year must be increased. While this major restructuring will continue to be a topic of great debate, the District is moving toward the same end by expanding instructional opportunities to students via a comprehensive Summer Academy, which provides both enrichment and remedial classes. This academy enrolls nearly 800 students yearly. Summer enrichment programs were offered to elementary age students in science, math and foreign language. Remedial help was offered to primary students in reading and junior high students in math. Remedial programs were offered to, or required of 4th and 6th grade students who fail three or more of the Ohio Proficiency Tests. Intervention programs in writing, reading and mathematics were offered to both third and fifth grade students identified as at-risk of failing 4th and 6th grade proficiency. The following high school credit courses were offered: Biology B, Earth Science A, and Physical Education.

Course of Study Review/Revision: Extensive, intense discussions have been held to revise the District courses of study in math and language arts to comply with the new Ohio academic standards in each subject. Emphasis continues to be hands-on, applicational learning, with an incorporation of high level thinking skills. As our students approach the new Ohio Graduation Test, staff has worked hard to ensure that we have included adequate coverage.

Proficiency Test Remediation: Programs have been put in place to offer remedial opportunities to any/all high school students who have not yet passed the Ohio Proficiency tests – required for graduation. Remedial math and help is offered to students in grades 4 and 6.

Educational Management Information System (EMIS): Like all other Ohio schools, the District is deeply involved in successful implementation of the Ohio EMIS system for financial, staff, and student information.

Facilities: With no sign in the immediate future that the rapid growth the District has experienced in recent years will change, the need for additional facilities, at all levels, continues to be a concern.

Additional portable classrooms have been installed at all buildings. However, it is the consensus of the District that this option has reached its maximum effectiveness in nearly all buildings. The residents of the District have shown their continued support of this exemplary school system with the passage of a \$77.5 million dollar bond issue in November 2000.

ACT/SAT Testing: Pickerington High School students continue to excel on college admissions exams, as they consistently score well above both national and Ohio averages. The number of students participating in ACT/SAT exams has grown significantly in recent years. In the 2003 school year, ACT results rose from 22.8 (4 consecutive years) to 23. At the same time, state and national composite scores remained the same.

Tech Prep: Pickerington High School offers the only Tech Prep program in Civil Engineering in central Ohio. In conjunction with Columbus State Community College, this program will provide students a head start on similar programs at Columbus State via a reciprocal credit option.

Renaissance (PRIDE) Program: Pickerington High School has initiated a program to recognize students with outstanding academic, citizenship, and attendance records. The program rewards students with exam exemptions, discounted admissions to events, and discounts at area businesses.

Strategic Plan: The District embarked in November 1993 on the development of a five-year strategic plan. A steering committee of some 50 residents and school personnel were involved in this effort. It is estimated that over 200 residents had input into the development of the focus and priorities of the District for the next 4-5 years. This plan, which addressed needs in facilities, instruction, finance, policies, technology, and related services, was presented to the Board of Education. The Board and administration have worked to implement as many recommendations as fiscally possible.

At the present time staff, board, and community members have developed a Continuous Improvement Plan for the District. Each building incorporates goals to support the districts' objectives and goals. Continuous Improvement Planning differs from our Strategic Plan in two ways. Its focus is entirely on increased student achievement and will continue to cycle through identification, implementation, and assessment stages.

Grants Programs: Staff members continue to seek grant funding to increase instructional and professional opportunities. Our staff has been awarded numerous corporate grants, state grants and individual grants including Jennings, Ohio Reads, SIRI, EPA, and Tech Prep.

Additionally, the following plans have been developed to fulfill requirements for grant funding through: Title II (Eisenhower), Title VI-B (Special Education), Title IV (Drug-Free Schools), Title VI (Innovative Instructional Program), and Title VI-R (Class Size Reduction).

Organization of the School District

An elected five-member Board of Education serves as the taxing authority and policy maker for the District. The Board adopts the annual operating budget, tax budget, and approves all expenditures of District tax monies.

The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. The Treasurer is the chief financial officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as permitted by Ohio law. Other Board appointed officials, reporting to the Superintendent, is the Assistant Superintendent, the Director of Instruction, the Director of Student Services and the building principals.

Financial Condition

This is the second year the District has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB No. 34 creates new basic financial statements for reporting on the District's financial activities as follows:

Government- wide financial statements - These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish those activities of the District that are governmental.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparisons - These statements present comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As a part of this new reporting model, management is also responsible for preparing a Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2004 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non-major funds of the District.

Financial Highlights

Fiduciary Funds - The fiduciary funds account for assets held by the District in a trustee capacity, or as an agent, for individuals, other district organizations or other funds. The District maintains a private purpose trust fund and an agency fund. The private purpose trust fund has net assets of \$8,950 and the agency fund has assets of \$135,370 at June 30, 2004.

Internal Control

In developing and revising the District's accounting and internal control system, consideration is given to the adequacy of internal controls to provide reasonable but not absolute assurance regarding:

1. the safeguarding of assets against loss from unauthorized use or disposition; and
2. the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived; and
2. the evaluation of costs and benefits required estimates and judgments by management.

Management believes that the internal controls adequately meet the above objectives.

Budgetary Controls

In addition to the internal control structure mentioned above, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end. A complete description of the District's Budgetary Process can be found in Note 2.E. to the basic financial statements.

Independent Auditors

The basic financial statements of the District for the year ended June 30, 2004 were audited by Trimble, Julian and Grube, Inc. whose opinion thereon is included at the beginning of the Financial Section of this report.

In addition to the financial audit a single audit was performed as required by the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". The single audit report is not included in the CAFR.

Award Programs

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pickerington Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFRs must satisfy both accounting principals generally accepted in the United States of America as applied to governmental units and applicable legal requirements.

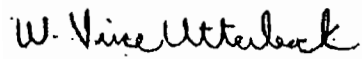
This certificate is valid for a period of one year only.

Management believes this current report conforms to the high standards of the award programs and will be submitting it to GFOA to determine its eligibility for certificate.

Acknowledgments

The preparation of the CAFR was made possible by the diligence of the Treasurer's staff and the support of the Board of Education. A special thanks goes out to the Superintendent and the Assistant Treasurer of the District for their input and assistance in this project. In the financial area, as in the instructional area, the goal of excellence is always with us.

Respectfully submitted,

A handwritten signature in cursive script that reads "W. Vince Utterback".

W. Vince Utterback, CPA
Treasurer

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

ELECTED OFFICIALS AND ADMINISTRATIVE STAFF

JUNE 30, 2004

Board of Education Members

President
Vice President
Member
Member
Member

Mr. Gail Oakes
Dr. James Brink
Mrs. Lisa Reade
Mrs. Lori Sanders
Mr. Wes Manhollen

Appointed Officials

Superintendent
Treasurer

Dr. Robert H. Thiede
W. Vince Utterback

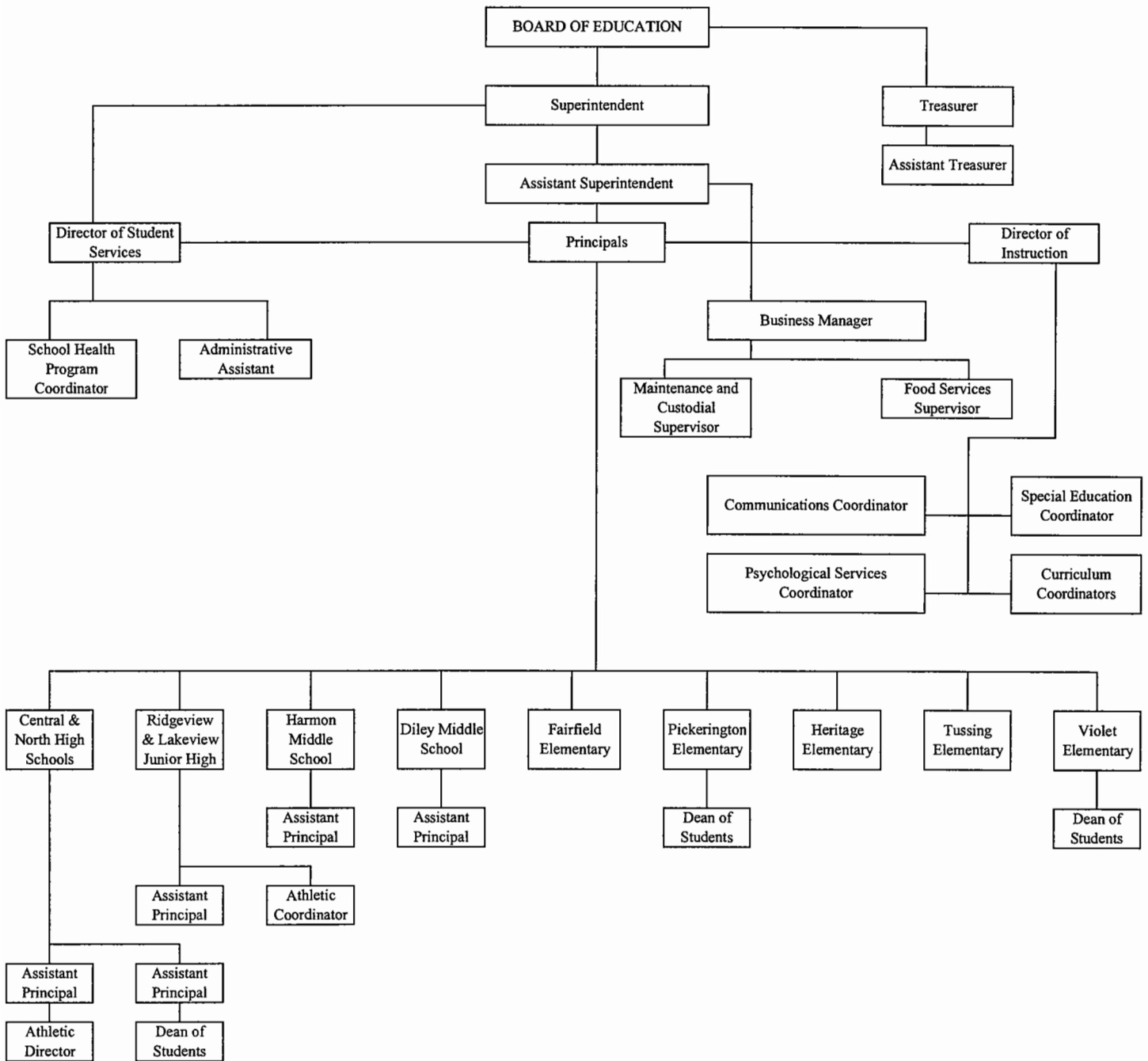
Administrative Staff

Assistant Superintendent
Director of Instruction
Director of Student Services
Assistant Treasurer
Business Manager
Principal, Pickerington High School North
Principal, Pickerington High School Central
Principal, Lakeview Junior High School
Principal, Ridgeview Junior High School
Principal, Diley Middle School
Principal, Harmon Middle School
Principal, Fairfield Elementary School
Principal, Heritage Elementary School
Principal, Pickerington Elementary School
Principal, Tussing Elementary School
Principal, Violet Elementary School

H. Lewis Stemen
Debra Sawyer
George W. Vickroy
Keltah Houser-Siders
Barbara Geis
Michael Smith
Charles Kemper
James Sotlar
Charles Byers
D. Mark Jones
Gary Morrow
Frederick W. Nihiser
David Toopes
Jane Vazquez
Thomas C Wilkinson
Kristi Motsch

PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Pickerington Local 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. Zjelke

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Board of Education
Pickerington Local School District
779 Long Road
Pickerington, OH 43147

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickerington Local School District, Fairfield County (the “District”) as of and for the fiscal 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 Pickerington Local School District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickerington Local School District, Fairfield County, as of June 30, 2004, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report
Pickerington Local School District

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 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.



Trimble, Julian & Grube, Inc.
January 21, 2005

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The management's discussion and analysis of the Pickerington Local School District's (the "District") 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, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets of governmental activities increased \$3,396,446 which represents a 23.80% increase from 2003.
- General revenues accounted for \$77,204,362 in revenue or 92.66% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,111,354 or 7.34% of total revenues of \$83,315,716.
- The District had \$79,919,270 in expenses related to governmental activities; only \$6,111,354 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$77,204,362 were adequate to provide for these programs.
- The District's major governmental funds include the general and district debt service funds. The general fund had \$67,611,945 in revenues and other financing sources and \$66,048,549 in expenditures and other financing uses. The district debt service fund had \$23,699,550 in revenues and other financing sources and \$22,021,065 in expenditures and other financing uses. During fiscal year 2004, the general fund balance increased \$1,563,396 from \$4,325,779 to \$5,889,175. The district debt service fund balance increased \$1,678,485 from \$6,032,554 to \$7,711,039.

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 the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the 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 answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages F14-F15 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page F10. 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 fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and district 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 the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages F16-F20 of this report.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F21 and F22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F23-F53 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2004 and 2003.

	Net Assets	
	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
<u>Assets</u>		
Current and other assets	\$ 57,321,054	\$ 58,057,364
Capital assets, net	<u>123,975,438</u>	<u>118,831,840</u>
Total assets	<u>181,296,492</u>	<u>176,889,204</u>
<u>Liabilities</u>		
Current liabilities	35,622,753	33,954,727
Long-term liabilities	<u>128,003,878</u>	<u>128,661,062</u>
Total liabilities	<u>163,626,631</u>	<u>162,615,789</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	9,556,777	25,058,656
Restricted	14,428,173	18,535,804
Unrestricted	<u>(6,315,089)</u>	<u>(29,321,045)</u>
Total net assets	<u>\$ 17,669,861</u>	<u>\$ 14,273,415</u>

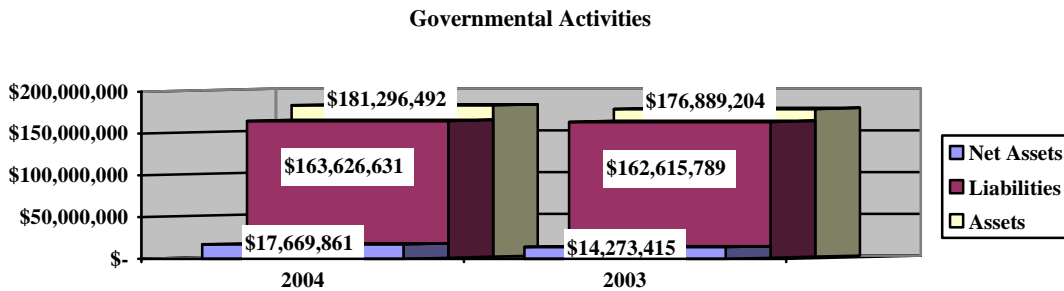
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's assets exceeded liabilities by \$17,669,861. At fiscal year-end, restricted net assets were \$14,428,173.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

At fiscal year-end, capital assets represented 68.38% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2004, were \$9,556,777. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$14,428,173, represents resources that are subject to external restriction on how they may be used. The remaining deficit of unrestricted net assets of \$6,315,089 may be used to meet the District's ongoing obligations to the students and creditors. The table below illustrates the District's assets, liabilities and net assets at June 30, 2004 and 2003.



The table below shows the change in net assets for fiscal years 2004 and 2003.

Change in Net Assets

	Governmental Activities 2004	Governmental Activities 2003
Revenues		
Program revenues:		
Charges for services and sales	\$ 3,405,036	\$ 2,623,550
Operating grants and contributions	2,706,318	1,598,852
Capital grants and contributions	-	43,512
General revenues:		
Property taxes	29,828,455	22,276,994
School district income taxes	9,406,873	8,989,604
Grants and entitlements	37,671,696	32,714,517
Investment earnings	290,056	767,772
Other	7,282	68,141
Total revenues	83,315,716	69,082,942

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Change in Net Assets

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 36,117,943	\$ 31,464,300
Special	4,865,195	4,514,787
Vocational	761,653	932,546
Other	1,122,608	751,589
Support services:		
Pupil	3,456,789	3,050,125
Instructional staff	3,645,626	3,136,588
Board of education	478,447	323,952
Administration	6,006,765	5,500,019
Fiscal	1,304,606	1,217,117
Business	167,919	167,914
Operations and maintenance	6,589,807	5,422,028
Pupil transportation	3,832,851	3,973,490
Central	81,744	135,761
Operations of non-instructional services	9,937	49,058
Extracurricular activities	2,137,629	1,780,961
Food service operations	2,835,474	2,156,397
Interest and fiscal charges	<u>6,504,277</u>	<u>6,546,476</u>
Total expenses	<u>79,919,270</u>	<u>71,123,108</u>
Change in net assets	<u>\$ 3,396,446</u>	<u>\$ (2,040,166)</u>

Governmental Activities

Net assets of the District's governmental activities increased \$3,396,446. Total governmental expenses of \$79,919,270 were offset by program revenues of \$6,111,354 and general revenues of \$77,204,362. Program revenues supported 7.65% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, and grants and entitlements. These three revenue sources represent 92.31% of total governmental revenue. Real estate property is reappraised every six years.

Voters approved the school district income tax operating levy in May 1990. This is a continuing levy from which revenue has increased over the years due to the growth in the District. However, in recent years the increase in revenue has been less than in prior years due to the economy and other factors.

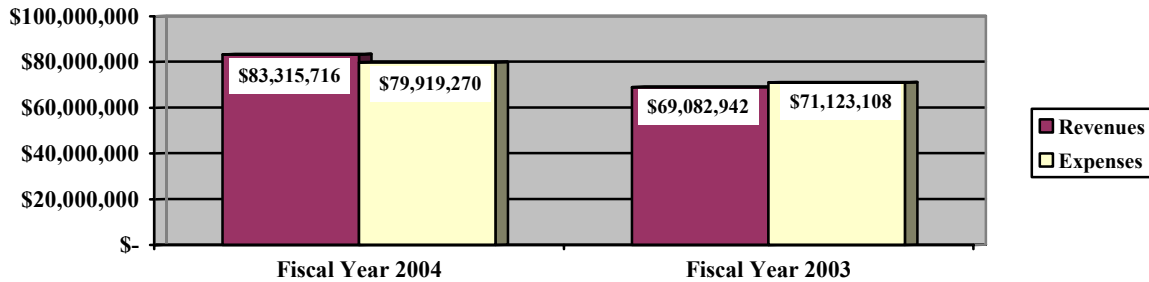
**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The District's financial condition has continued to be impaired in recent years, primarily due to decreased financial support from the state. While the District has seen an increase in the amount of State aid received due to increased enrollment, the per-pupil amount received has decreased. Due to increased enrollment, the District has increased staff; however, this in combination with the decrease in the per-pupil aid has had a negative impact on the financial condition of the District. The District's weak commercial base provides very little relief.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2004 and 2003.

Governmental Activities - Revenues and Expenses



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

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

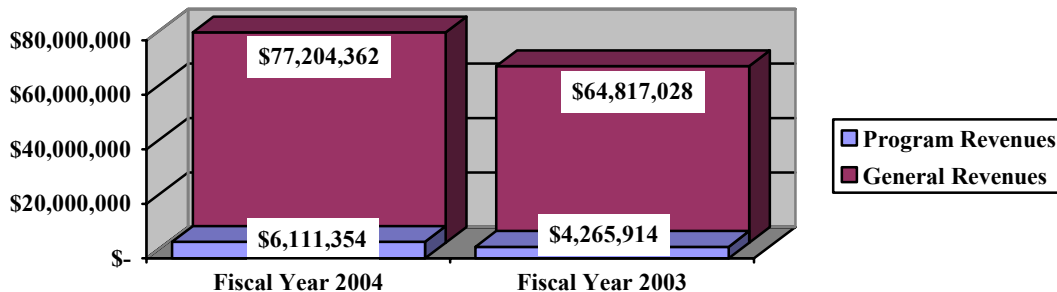
Governmental Activities

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses				
Instruction:				
Regular	\$ 36,117,943	\$ (34,641,047)	\$ 31,464,300	\$ (30,518,926)
Special	4,865,195	(4,564,157)	4,514,787	(4,274,830)
Vocational	761,653	(761,653)	932,546	(932,546)
Other	1,122,608	(1,122,608)	751,589	(728,082)
Support services:				
Pupil	3,456,789	(3,069,969)	3,050,125	(2,804,191)
Instructional staff	3,645,626	(3,307,795)	3,136,588	(2,896,645)
Board of education	478,447	(475,346)	323,952	(323,952)
Administration	6,006,765	(5,941,189)	5,500,019	(5,478,624)
Fiscal	1,304,606	(1,304,606)	1,217,117	(1,217,117)
Business	167,919	(167,919)	167,914	(167,914)
Operations and maintenance	6,589,807	(6,384,765)	5,422,028	(5,408,313)
Pupil transportation	3,832,851	(3,832,851)	3,973,490	(3,962,517)
Central	81,744	(48,194)	135,761	(68,888)
Operations of non-instructional services	9,937	(4,543)	49,058	(9,801)
Extracurricular activities	2,137,629	(1,165,823)	1,780,961	(1,349,355)
Food service operations	2,835,474	(511,174)	2,156,397	(173,719)
Interest and fiscal charges	<u>6,504,277</u>	<u>(6,504,277)</u>	<u>6,546,476</u>	<u>(6,541,774)</u>
Total expenses	<u>\$ 79,919,270</u>	<u>\$ (73,807,916)</u>	<u>\$ 71,123,108</u>	<u>\$ (66,857,194)</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 95.85% of instruction activities are supported through taxes and other general revenues which includes State aid. For all governmental activities, general revenue support is 92.35%. The District's taxpayers and State aid are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2004 and 2003.

Governmental Activities - General and Program Revenues



**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The District's Funds

The District's governmental funds (as presented on the balance sheet on page F16) reported a combined fund balance of \$21,147,146, which is lower than last year's total of \$23,702,223. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	<u>Fund Balance</u> <u>June 30, 2004</u>	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 5,889,175	\$ 4,325,779	\$ 1,563,396
District debt service	7,711,039	6,032,554	1,678,485
Other governmental	<u>7,546,932</u>	<u>13,343,890</u>	<u>(5,796,958)</u>
Total	<u>\$ 21,147,146</u>	<u>\$ 23,702,223</u>	<u>\$ (2,555,077)</u>

General Fund

The District's general fund balance increased \$1,563,396. The increase in fund balance can be attributed to an increase of 26.85% in tax revenues and a 15.53% increase in intergovernmental revenue. Tax revenues increased as a result of the 7.9 mil operating levy passed in August 2003. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 30,495,882	\$ 24,040,870	\$ 6,455,012	26.85 %
Tuition	195,699	180,605	15,094	8.36 %
Earnings on investments	194,462	282,888	(88,426)	(31.26) %
Intergovernmental	36,639,239	31,712,717	4,926,522	15.53 %
Other revenues	<u>86,663</u>	<u>98,773</u>	<u>(12,110)</u>	<u>(12.26) %</u>
Total	<u>\$ 67,611,945</u>	<u>\$ 56,315,853</u>	<u>\$ 11,296,092</u>	<u>20.06 %</u>
<u>Expenditures</u>				
Instruction	\$ 39,167,914	\$ 35,073,482	4,094,432	11.67 %
Support services	22,902,240	21,326,959	1,575,281	7.39 %
Operation of non-instructional services	1,017	1,344	(327)	(24.33) %
Extracurricular activities	<u>1,349,385</u>	<u>1,326,875</u>	<u>22,510</u>	<u>1.70 %</u>
Total	<u>\$ 63,420,556</u>	<u>\$ 57,728,660</u>	<u>\$ 5,691,896</u>	<u>9.86 %</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

District Debt Service Fund

The District's district debt service fund balance increased \$1,678,485. This increase is due to the increase in tax and intergovernmental revenue. The table that follows assists in illustrating the financial activities and fund balance of the district debt service fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 8,153,819	\$ 6,964,776	\$ 1,189,043	17.07 %
Earnings on investments	-	24,461	(24,461)	(100.00) %
Intergovernmental	<u>965,090</u>	<u>936,238</u>	<u>28,852</u>	3.08 %
Total	<u>\$ 9,118,909</u>	<u>\$ 7,925,475</u>	<u>\$ 1,193,434</u>	15.06 %
<u>Expenditures</u>				
Support services	\$ 121,272	\$ 114,683	6,589	5.75 %
Debt service	<u>7,557,154</u>	<u>7,479,866</u>	<u>77,288</u>	1.03 %
Total	<u>\$ 7,678,426</u>	<u>\$ 7,594,549</u>	<u>\$ 83,877</u>	1.10 %

General Fund Budgeting Highlights

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

During the course of fiscal year 2004, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$63,255,244, which was higher than the original budgeted revenues estimate of \$59,813,244. Actual revenues and other financing sources for fiscal year 2004 was \$65,329,778. This represents a \$2,074,534 increase over final budgeted revenues. In accordance with State statute, estimated revenues are required to be amended if additional amounts are intended to be appropriated. This increase is due to changes in enrollment figures which affects tuition and intergovernmental estimates in the original and final budgeted amounts. This increase in budgeted revenue is also the result of the 7.9 mil operating levy passed in August 2003.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$64,093,428 were increased to \$66,920,282 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$66,914,067, which was \$6,215 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the District had \$123,975,438 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2004 balances compared to the restated amount of capital assets in 2003:

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2004	2003
Land	\$ 6,090,899	\$ 6,090,899
Construction-in-progress	-	64,311,992
Land improvements	1,805,369	1,963,748
Building and improvements	113,259,003	46,040,541
Furniture and equipment	2,451,619	414,056
Vehicles	368,548	10,604
Total	\$ 123,975,438	\$ 118,831,840

The primary source for additions occurred in building construction and equipping the new high school and middle school. Total net additions to capital assets for 2004 were \$8,223,678. The overall increase in capital assets, net of depreciation, of \$5,143,598 is primarily due to the construction of the new high school and middle school.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2004, the District had \$123,571,606 in general obligation bonds. Of this total, \$3,280,000 is due within one year and \$120,291,606 is due in greater than one year.

In past year, the District passed various tax levies, providing for facility improvements and additions to the District's building and debt service on behalf of the public library. The general obligation bonds are scheduled to mature in fiscal year 2029. Payment of principal and interest on the general obligation bonds is being made from the debt service fund.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activity

The District has continued to maintain the highest standards of service to our students, parents, and community. The District is always presented with challenges and opportunities. National events economically affect the District and the surrounding area; the District has been impacted by decreases in interest income, state foundation, and income tax as well as personal property tax. At this same time, the district must determine how best to meet the mandates of the *No Child Left Behind*.

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. Overall, the district continues to perform at the highest level determined by the State of Ohio, which is measured by a defined set of proficiency criteria. Our most recent state report card shows the district students achieving a 20 out of 22. In contrast, our expenditure per student is well below the state average for all other districts.

Increasing enrollment translates to both additional staffing and building needs. The District depends heavily on the state - approximately 52% of our revenue comes from the state. State legislators decreased the amount of aid for fiscal year 2003 and then decreased the per pupil amount for all future years.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

Other challenges facing the District are the need to find alternatives for housing of students, a continued streamlining of operations, maximum utilization of all space within the district, and rising health insurance costs.

Capital needs should be addressed. Existing buildings need to be put on a permanent improvement cycle for renovation and repair.

Technology use has continued to grow and the district had made great gains in terms of enhancing instruction by updating existing equipment. However, with the current budget constraints, the district continues to face challenges in terms of its technology replacement cycle.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and 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 W. Vince Utterback, Treasurer of Pickerington Local School District at 779 Long Road, Pickerington, Ohio 43147.

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BASIC
FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2004

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 16,444,622
Cash with escrow agent	571,478
Cash with fiscal agents	100,764
Investments	5,282,622
Receivables:	
Property taxes	30,774,760
School district income taxes	3,583,291
Accounts	1,651
Intergovernmental	152,162
Prepayments	121,198
Materials and supplies inventory	54,550
Unamortized bond issuance costs	233,956
Capital assets:	
Land	6,090,899
Depreciable capital assets, net	117,884,539
Total capital assets, net	123,975,438
Total assets	181,296,492
Liabilities:	
Accounts payable	602,132
Contracts payable	60,818
Retainage payable	571,478
Accrued wages and benefits	6,375,892
Pension obligation payable	1,422,003
Intergovernmental payable	314,199
Deferred revenue	25,847,878
Matured bonds payable	20,000
Matured interest payable	1,881
Accrued interest payable	406,472
Long-term liabilities:	
Due within one year	3,820,290
Due in more than one year	124,183,588
Total liabilities	163,626,631
Net Assets:	
Invested in capital assets, net of related debt	9,556,777
Restricted for:	
Capital projects	4,133,382
Debt service	8,122,116
Other purposes	2,172,675
Unrestricted (deficit)	(6,315,089)
Total net assets	\$ 17,669,861

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 36,117,943	\$ 763,229	\$ 713,667	\$ (34,641,047)
Special	4,865,195	-	301,038	(4,564,157)
Vocational	761,653	-	-	(761,653)
Other	1,122,608	-	-	(1,122,608)
Support services:				
Pupil	3,456,789	-	386,820	(3,069,969)
Instructional staff	3,645,626	80,821	257,010	(3,307,795)
Board of education	478,447	1,393	1,708	(475,346)
Administration	6,006,765	266	65,310	(5,941,189)
Fiscal	1,304,606	-	-	(1,304,606)
Business	167,919	-	-	(167,919)
Operations and maintenance	6,589,807	205,042	-	(6,384,765)
Pupil transportation	3,832,851	-	-	(3,832,851)
Central	81,744	-	33,550	(48,194)
Operation of non-instructional services	9,937	5,094	300	(4,543)
Extracurricular activities	2,137,629	604,272	367,534	(1,165,823)
Food service operations	2,835,474	1,744,919	579,381	(511,174)
Interest and fiscal charges	6,504,277	-	-	(6,504,277)
Totals	\$ 79,919,270	\$ 3,405,036	\$ 2,706,318	(73,807,916)

General Revenues:

Property taxes levied for:	
General purposes	21,207,490
Special revenue	346,312
Debt service	8,274,592
Capital projects	61
School district income tax	9,406,873
Grants and entitlements not restricted to specific programs	37,671,696
Investment earnings	290,056
Miscellaneous	7,282
Total general revenues	77,204,362
Change in net assets	3,396,446
Net assets at beginning of year	14,273,415
Net assets at end of year	\$ 17,669,861

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>District Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,276,858	\$ 1,400,524	\$ 7,767,240	\$ 16,444,622
Cash with escrow agent	-	-	571,478	571,478
Cash with fiscal agents	78,883	21,881	-	100,764
Investments	-	5,282,622	-	5,282,622
Receivables:				
Property taxes	22,469,738	7,763,682	541,340	30,774,760
School district income taxes	3,583,291	-	-	3,583,291
Accounts	1,051	-	600	1,651
Intergovernmental	-	-	152,162	152,162
Prepayments	119,262	-	1,936	121,198
Materials and supplies inventory	-	-	54,550	54,550
Total assets	<u>\$ 33,529,083</u>	<u>\$ 14,468,709</u>	<u>\$ 9,089,306</u>	<u>\$ 57,087,098</u>
Liabilities:				
Accounts payable	\$ 334,031	\$ -	\$ 268,101	\$ 602,132
Contracts payable	-	-	60,818	60,818
Retainage payable	-	-	571,478	571,478
Accrued wages and benefits	6,261,335	-	114,557	6,375,892
Compensated absences payable	114,660	-	-	114,660
Pension obligation payable	1,000,914	-	17,666	1,018,580
Intergovernmental payable	301,031	-	13,168	314,199
Matured bonds payable	-	20,000	-	20,000
Matured interest payable	-	1,881	-	1,881
Deferred revenue	19,627,937	6,735,789	496,586	26,860,312
Total liabilities	<u>27,639,908</u>	<u>6,757,670</u>	<u>1,542,374</u>	<u>35,939,952</u>
Fund Balances:				
Reserved for encumbrances	1,076,234	-	1,537,581	2,613,815
Reserved for materials and supplies inventory	-	-	54,550	54,550
Reserved for property tax unavailable for appropriation	2,841,801	1,027,893	71,428	3,941,122
Reserved for prepayments	119,262	-	1,936	121,198
Reserved for debt service	-	6,683,146	532,382	7,215,528
Unreserved:				
Designated for budget stabilization	2,627,993	-	-	2,627,993
Undesignated (deficit), reported in:				
General fund	(776,115)	-	-	(776,115)
Special revenue funds	-	-	2,648,206	2,648,206
Capital projects funds	-	-	2,700,849	2,700,849
Total fund balances	<u>5,889,175</u>	<u>7,711,039</u>	<u>7,546,932</u>	<u>21,147,146</u>
Total liabilities and fund balances	<u>\$ 33,529,083</u>	<u>\$ 14,468,709</u>	<u>\$ 9,089,306</u>	<u>\$ 57,087,098</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004

Total governmental fund balances		\$	21,147,146
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			123,975,438
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	985,760	
Intergovernmental revenue		26,674	
Total			1,012,434
Unamortized deferred charges are not recognized in the funds.			433,904
Unamortized premiums on bond issuances are not recognized in the funds.			(665,284)
Unamortized bond issuance costs are not recognized in the funds.			233,956
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		123,571,606	
Compensated absences		4,019,849	
Pension obligation payable		403,423	
Capital lease obligation		66,383	
Accrued interest payable		406,472	
Total			(128,467,733)
Net assets of governmental activities		\$	17,669,861

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>District Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 30,495,882	\$ 8,153,819	\$ 580,740	\$ 39,230,441
Tuition	195,699	-	84,511	280,210
Charges for services	-	-	1,744,919	1,744,919
Earnings on investments	194,462	-	69,219	263,681
Classroom materials and fees	-	-	434,711	434,711
Extracurricular	-	-	738,964	738,964
Other local revenues	86,663	-	667,300	753,963
Intergovernmental - State	36,637,578	965,090	369,444	37,972,112
Intergovernmental - Federal	1,661	-	1,874,033	1,875,694
Total revenues	67,611,945	9,118,909	6,563,841	83,294,695
Expenditures:				
Current:				
Instruction:				
Regular	32,828,796	-	1,054,671	33,883,467
Special	4,474,208	-	297,676	4,771,884
Vocational	742,302	-	-	742,302
Other	1,122,608	-	-	1,122,608
Support Services:				
Pupil	2,928,723	-	386,809	3,315,532
Instructional staff	2,929,045	-	542,096	3,471,141
Board of education	477,147	-	1,237	478,384
Administration	5,873,803	-	68,593	5,942,396
Fiscal	1,174,702	121,272	5,985	1,301,959
Business	164,063	-	-	164,063
Operations and maintenance	5,352,174	-	1,039,550	6,391,724
Pupil transportation	3,953,340	-	-	3,953,340
Central	49,243	-	32,173	81,416
Operation of non-instructional services	1,017	-	42,465	43,482
Food service operations	-	-	2,481,291	2,481,291
Extracurricular activities	1,349,385	-	744,784	2,094,169
Facilities acquisition and construction	-	-	8,024,168	8,024,168
Debt service:				
Principal retirement	-	2,385,000	225,594	2,610,594
Interest and fiscal charges	-	4,964,521	31,719	4,996,240
Bond issuance costs	-	207,633	-	207,633
Total expenditures	63,420,556	7,678,426	14,978,811	86,077,793
Excess of revenues over (under) expenditures	4,191,389	1,440,483	(8,414,970)	(2,783,098)
Other financing sources (uses):				
Transfers in	-	-	2,627,993	2,627,993
Transfers (out)	(2,627,993)	-	-	(2,627,993)
Accrued interest on refunding bonds	-	30,368	-	30,368
Premium on refunding bonds	-	635,281	-	635,281
Proceeds of refunding bonds	-	13,914,992	-	13,914,992
Payment to refunding bond escrow agent	-	(14,342,639)	-	(14,342,639)
Total other financing sources (uses)	(2,627,993)	238,002	2,627,993	238,002
Net change in fund balances	1,563,396	1,678,485	(5,786,977)	(2,545,096)
Fund balances at beginning of year	4,325,779	6,032,554	13,343,890	23,702,223
(Decrease) in reserve for inventory	-	-	(9,981)	(9,981)
Fund balances at end of year	\$ 5,889,175	\$ 7,711,039	\$ 7,546,932	\$ 21,147,146

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds

<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	\$	(2,545,096)
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$8,223,678) exceeds depreciation expense (\$3,080,080) in the current period.		5,143,598
Governmental funds report expenditures for inventory when purchased, however on the statement of activities they are reported as an expense when consumed.		(9,981)
Deferred charges are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		398,230
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		(581,817)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		183,578
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(9,347)
Repayment of general obligation bonds are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		16,475,000
Proceeds of refunding bonds are recorded as revenue in the governmental funds, however, the proceeds increase long-term liabilities on the statement net assets.		(13,914,992)
On the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,508,037)
Principal payments on capital lease obligations are an expenditure in the governmental funds, however, the repayment reduces long-term liabilities on the statement of net assets.		50,594
Some expenses reported on the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(285,284)
Change in net assets of governmental activities	\$	3,396,446

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 25,652,930	\$ 27,129,148	\$ 28,018,882	\$ 889,734
Tuition.	179,174	189,485	195,699	6,214
Earnings on investments.	190,061	200,998	207,590	6,592
Other local revenues.	82,447	87,191	90,051	2,860
Intergovernmental - State	33,543,852	35,474,159	36,637,578	1,163,419
Intergovernmental - Federal.	1,732	1,832	1,892	60
Total revenues.	<u>59,650,196</u>	<u>63,082,813</u>	<u>65,151,692</u>	<u>2,068,879</u>
Expenditures:				
Current:				
Instruction:				
Regular	31,428,226	32,814,374	32,785,426	28,948
Special.	4,341,766	4,533,260	4,501,267	31,993
Vocational.	789,063	823,865	823,679	186
Other.	893,179	932,573	1,144,019	(211,446)
Support Services:				
Pupil.	2,813,605	2,937,700	2,910,067	27,633
Instructional staff	2,819,842	2,944,212	2,976,051	(31,839)
Board of education	536,739	560,412	590,153	(29,741)
Administration.	5,789,714	6,045,070	5,908,590	136,480
Fiscal	1,105,969	1,154,748	1,173,565	(18,817)
Business	179,434	187,348	162,827	24,521
Operations and maintenance.	5,541,175	5,785,570	5,815,890	(30,320)
Pupil transportation	4,029,922	4,207,663	4,066,529	141,134
Central.	68,479	71,499	48,023	23,476
Operation of non-instructional services	2,127	2,221	1,017	1,204
Extracurricular activities.	1,237,207	1,291,774	1,378,971	(87,197)
Total expenditures	<u>61,576,447</u>	<u>64,292,289</u>	<u>64,286,074</u>	<u>6,215</u>
Excess of revenues over (under) expenditures.	<u>(1,926,251)</u>	<u>(1,209,476)</u>	<u>865,618</u>	<u>2,075,094</u>
Other financing sources (uses):				
Refund of prior year expenditure	163,048	172,431	178,086	5,655
Transfers (out)	<u>(2,516,981)</u>	<u>(2,627,993)</u>	<u>(2,627,993)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,353,933)</u>	<u>(2,455,562)</u>	<u>(2,449,907)</u>	<u>5,655</u>
Net change in fund balance	(4,280,184)	(3,665,038)	(1,584,289)	2,080,749
Fund balance at beginning of year	6,638,303	6,638,303	6,638,303	-
Prior year encumbrances appropriated	865,458	865,458	865,458	-
Fund balance at end of year	<u>\$ 3,223,577</u>	<u>\$ 3,838,723</u>	<u>\$ 5,919,472</u>	<u>\$ 2,080,749</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 8,950	\$ 135,370
Total assets	<u>8,950</u>	<u>\$ 135,370</u>
Liabilities:		
Accounts payable	-	\$ 1,631
Due to students	-	133,739
Total liabilities	<u>-</u>	<u>\$ 135,370</u>
Net Assets:		
Held in trust for scholarships	<u>8,950</u>	
Total net assets	<u>\$ 8,950</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Private-Purpose Trust	
	Scholarship	
Deductions:		
Scholarships awarded	\$ 1,000	
Change in net assets		(1,000)
Net assets at beginning of year.		9,950
Net assets at end of year	\$ 8,950	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Pickerington Local School District (the "District") was organized in the late 1800's and is an independent political subdivision of the State of Ohio. The District is not reported as a Component Unit in any other governmental unit. The District is governed by a five-member board of education (the "Board") elected by the citizens of the District.

The District ranks as the 23rd largest by enrollment among the 614 public school districts in the State. The District employs 247 non-certified and 617 certified employees to provide services to approximately 8,917 students and community groups. The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, foods service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise have access to organizations resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Education Council (MEC)

MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent.

Eastland-Fairfield Career and Technical Schools (the "Career Center")

The Career Center is a jointly governed organization. The District's board of education appoints one member of the seven-member Board of Education of the Career Center. However, the financial statements of the Career Center are not included within the District's reporting entity, as the District cannot impose its will and there is no financial benefit, financial burden relationship or related-party transactions between the District and the Career Center.

PUBLIC ENTITY RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 District's major governmental funds:

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

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

District Debt Service Fund - The District debt service fund is used to account all debt activity except the debt associated with the library which is accounted for in another debt service fund.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those accounted for in the building fund; (b) for food service and uniform school supplies operations; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for debt activity related to the Library bond issue.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds accounts for student activities and amounts held for individuals and organizations.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. 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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 6).

Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (see Note 17). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported as an expenditure with a like amount reported as intergovernmental revenue.

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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

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 Appropriations 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 primary level of budgetary control is at the fund level of expenditures. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. Although the legal level of control has been established at the fund level of expenditures, the District has elected to present the budgetary statement for the general fund at the fund and function level of expenditures in the basic financial statements.

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 Fairfield County Budget Commission for rate determination.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 Commissions' Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the 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 District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended Certificates issued during the fiscal year.

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. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported in the budgetary statement represent the original appropriation amounts passed by the Board that covered the entire fiscal year and the final appropriation amounts passed by the Board during the year, including all amendments.

F. Cash and Investments

To improve cash management, cash received by the District other than cash with fiscal agent or in segregated accounts is pooled in a central bank account. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Investments" on the basic financial statements.

During fiscal year 2004, investments were limited to overnight repurchase agreements, nonnegotiable certificates of deposits, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District has invested funds in STAR Ohio during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$194,462, which includes \$55,383 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments that are not part of the cash management pool with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. On the fund financial statements, inventories are accounted for using the purchase method while they are accounted for using the consumption method for government-wide reporting.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2004, the District maintained a capitalization threshold of \$5,000 dollars. The 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.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund balances at June 30, 2004.

J. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the Statement of Net Assets.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10. C.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "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 sick leave 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 employees with at least 15 years of service at any age 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, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. 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 year. Bonds are recognized as a liability on the fund financial statements when due.

M. Fund Balance Reserves and Designation

The District reserves those portions of fund equity 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 equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, debt service, prepayments, materials and supplies inventory, and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute. A fund balance designation is reported for amounts set-aside by the District for budget stabilization.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District does not have any restricted assets as of June 30, 2004.

R. Interfund Activity

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2004.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Governmental Funds</u>	
Title VI	\$ 105
Drug Free School Grant	32

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents" and "Investments". Statutes require the classification of monies held by the 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 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.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance 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 monies deposited with the institution.

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 or 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;

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)

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 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument 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 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.

Cash with Escrow Agent: At fiscal year-end, \$571,478 was on deposit in the District's escrow account and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the financial statements as "Equity in Pooled Cash and Cash Equivalents".

Cash with Fiscal Agents: At fiscal year-end, \$21,881 was on deposit with Huntington National Bank for matured bonds payable.

At fiscal year-end, the District had a cash balance with the Ohio Mid-Eastern Regional Education Service Agency Self-funded Insurance Program (the "Program") of \$78,883. These amounts are not part of the District's internal cash management pool and are not included in total amount of deposits below. The balance is covered by federal depository insurance or by collateral held by a qualified third-party trustee in the name of the Program's fiscal agent.

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Deposits: At fiscal year-end, the carrying amount of the District's deposits was \$11,464,548 and the bank balance was \$12,808,823. Of the bank balance:

1. \$321,881 was covered by federal depository insurance or surety company bonds deposited with the District; and
2. \$12,486,942 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Federal agency securities	\$ 5,282,622	\$ 5,282,622	\$ 5,282,622
Total	<u>\$ 5,282,622</u>		
Investment in STAR Ohio		<u>5,124,394</u>	<u>5,124,394</u>
Total investments		<u>\$ 10,407,016</u>	<u>\$ 10,407,016</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

The classification of cash and cash equivalents and investments on the basic 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:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 17,261,184	\$ 5,282,622
Investments of the cash management pool:		
Investment in STAR Ohio	(5,124,394)	5,124,394
Cash with escrow agent	(571,478)	-
Cash with fiscal agent	<u>(100,764)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 11,464,548</u>	<u>\$ 10,407,016</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:

General fund	\$ 2,627,993
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Transfers are used to (1) 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 (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers made in fiscal year 2004 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible (used in business) property located in the school district. All property taxes are collected on behalf of the District by the auditors of Fairfield and Franklin Counties. Fairfield County collects approximately 98% and Franklin County 2% of the District's taxes. Due and collection dates for taxes due during 2004 were:

<u>Fairfield County</u>	<u>Franklin County</u>
July 27, 2003	January 20, 2004
November 4, 2003	January 25, 2004
April 30, 2004	June 20, 2004
February 19, 2004	

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 6 - PROPERTY TAXES - (Continued)

Real property and tangible personal property taxes collected during fiscal year 2004 had a lien and levy date of January 1, 2003.

Assessed values are established by state law at 35% of appraised market value for real estate and public utility property taxes and at 25% for tangible personal property taxes. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in December 2001. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). The assessed values upon which fiscal year 2004 taxes were collected are:

	Calendar 2003 Second Half Collections	Calendar 2004 First Half Collections
Real estate	\$ 758,639,010	\$ 802,438,990
Public utility	13,423,640	13,829,790
Tangible personal property	<u>15,050,972</u>	<u>14,528,287</u>
Total	<u>\$ 787,113,622</u>	<u>\$ 830,797,067</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .45% (4.5 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases. The total tax rate for the District, including voted increases, was 72.10 mills in 2004.

The Fairfield and Franklin County Treasurers collect property tax on behalf of the District. The County Auditors periodically advance to the 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 2004 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, 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, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. The amount available as an advance and recorded as revenue at June 30, 2004, was \$2,841,801 in the general fund, \$1,027,893 in the District Debt Service fund, and \$71,428 in the nonmajor governmental funds. The amount available as an advance at June 30, 2003, was \$577,871 in the general fund, \$282,762 in the District Debt Service fund and \$8,686 in the nonmajor governmental funds.

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

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating this revenue in accordance with Ohio Revised Code Section 5705.35, since an advance of revenue was not requested and received prior to the end of the fiscal year.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 7 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. 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 year guarantee of federal funds. A summary of receivables reported on the Statement of Net Assets follows:

Governmental Activities

Property Taxes	\$ 30,774,760
School district income taxes	3,583,291
Accounts	1,651
Intergovernmental	<u>152,162</u>
Total	<u>\$ 34,511,864</u>

Receivables have been disaggregated on the face of the basic finance statements. All receivables are expected to be collected within subsequent years.

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,090,899	\$ -	\$ -	\$ 6,090,899
Construction in progress	<u>64,311,992</u>	<u>-</u>	<u>(64,311,992)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>70,402,891</u>	<u>-</u>	<u>(64,311,992)</u>	<u>6,090,899</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,742,978	-	-	3,742,978
Building and improvements	72,461,974	69,940,944	-	142,402,918
Furniture and equipment	1,991,873	2,207,221	-	4,199,094
Vehicles	<u>234,681</u>	<u>387,505</u>	<u>-</u>	<u>622,186</u>
Total capital assets, being depreciated	<u>78,431,506</u>	<u>72,535,670</u>	<u>-</u>	<u>150,967,176</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,779,230)	(158,379)	-	(1,937,609)
Building and improvements	(26,421,433)	(2,722,482)	-	(29,143,915)
Furniture and equipment	(1,577,817)	(169,658)	-	(1,747,475)
Vehicles	<u>(224,077)</u>	<u>(29,561)</u>	<u>-</u>	<u>(253,638)</u>
Total accumulated depreciation	<u>(30,002,557)</u>	<u>(3,080,080)</u>	<u>-</u>	<u>(33,082,637)</u>
Governmental activities capital assets, net	<u>\$ 118,831,840</u>	<u>\$ 69,455,590</u>	<u>\$ (64,311,992)</u>	<u>\$ 123,975,438</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,072,421
Special	128,115
Vocational	10,906
<u>Support Services:</u>	
Pupil	80,525
Instructional Staff	177,917
Administration	55,351
Operations and Maintenance	145,616
Pupil Transportation	29,561
Extracurricular Activities	43,127
Food Service Operation	<u>336,541</u>
Total depreciation expense	<u>\$ 3,080,080</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In the previous fiscal year, the District entered into a capitalized lease for exercise equipment. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of exercise equipment have been capitalized in the amount of \$155,787. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2004 totaled \$50,594 paid by the Permanent Improvement capital projects fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2005	\$ 54,646
2006	<u>13,662</u>
Total minimum lease payments	68,308
Less amount representing interest	<u>(1,925)</u>
Total	<u>\$ 66,383</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS

A. General Obligation Bonds

The District has seven outstanding general obligation bond issues. These bonds were issued for general governmental activities, specifically; construction, and/or renovation of school buildings, and construction of a public library. These general obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the school district. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to these bonds are recorded as an expenditure in the District's Debt Service fund. Public library refund bonds are being repaid from the library debt service fund (a nonmajor governmental fund). The following is a summary of the District's general obligation bonds outstanding at June 30, 2004:

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
General Obligation Bonds:				
Series 1993, current interest bonds	\$ 7,805,000	\$ -	\$ (7,805,000)	\$ -
Series 1993, capital appreciation bonds	769,627	-	-	769,627
Series 1993, capital appreciation bonds accreted interest	2,619,540	572,369	-	3,191,909
Series 1994, current interest bonds	10,840,000	-	(7,910,000)	2,930,000
Series 1999, current interest bonds	21,155,000	-	(575,000)	20,580,000
Series 1999, capital appreciation bonds	599,708	-	-	599,708
Series 1999, capital appreciation bonds accreted interest	252,225	70,484	-	322,709
Series 2001, current interest bonds	62,820,000	-	(10,000)	62,810,000
Series 2001, capital appreciation bonds	14,664,893	-	-	14,664,893
Series 2001, capital appreciation bonds accreted interest	1,213,196	817,431	-	2,030,627

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Public Library Refunding Bonds:				
Series 2002, current interest bonds	\$ 1,840,000	\$ -	\$ (175,000)	\$ 1,665,000
Series 2002, capital appreciation bonds	40,000	-	-	40,000
Series 2002, capital appreciation bonds accreted interest	3,167	6,023	-	9,190
General Obligation Bonds:				
Series 2003, current interest bonds	-	5,100,000	-	5,100,000
Series 2003, capital appreciation bonds	-	1,314,998	-	1,314,998
Series 2003, capital appreciation bonds accreted interest	-	41,249	-	41,249
Series 2004, current interest bonds	-	7,355,000	-	7,355,000
Series 2004, capital appreciation bonds	-	144,994	-	144,994
Series 2004, capital appreciation bonds accreted interest	<u>-</u>	<u>1,702</u>	<u>-</u>	<u>1,702</u>
Total general obligation bonds	<u>\$ 124,622,356</u>	<u>\$ 15,424,250</u>	<u>(16,475,000)</u>	<u>\$ 123,571,606</u>
Payment for debt refunding			<u>13,915,000</u>	
Principal payments on G.O. bonds			<u>\$ (2,560,000)</u>	

Series 1993 General Obligation Bonds:

On March 15, 1993, the District issued general obligation bonds to provide funds for the construction of a new high school.

This issue is comprised of both current interest bonds, par value \$20,000,000, and capital appreciation bonds, par value \$11,400,000. The interest rates on the current interest bonds range from 3.0% to 5.55%. The capital appreciation bonds mature on each December 1 beginning in 2009 through 2014. The capital appreciation bonds have effective interest rates ranging from 15.80% to 15.90% and mature at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$769,627. A total of \$3,191,909 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2004.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 1994 General Obligation Bonds:

On February 1, 1994, the District issued current interest general obligation bonds to finance a new elementary school building, various additions to other school buildings, and technology equipment district-wide. These bonds bear an interest rate of 5.21% and mature on December 1, 2019.

Series 1999 General Obligation Bonds:

On January 1, 1999, the District issued general obligation bonds to provide funds for acquiring and constructing two new middle schools, renovating the old middle school, furnishing and equipping the same, and providing related facilities, appurtenances, and site improvements, site acquisition and portable classrooms.

This issue is comprised of both current interest bonds, par value \$23,400,000, and capital appreciation bonds, par value \$1,740,000. The interest rates on the current interest bonds range from 3.10% to 5.00%. The capital appreciation bonds mature on December 1, 2011 (effective interest 8.38%) and December 1, 2012 (effective interest 8.16%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$599,708. A total of \$322,709 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2004.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2025.

Series 2001 General Obligation Bonds:

On November 1, 2001, the District issued \$77,499,893 in general obligation bonds to provide for constructing, furnishing, and equipping a new high school building, new junior high school building, with related facilities, appurtenances, and site improvements thereto, and acquiring land for school purposes.

This issue is comprised of both current interest bonds, par value \$62,835,000, and capital appreciation bonds, par value \$26,880,000. The interest rates on the current interest bonds range from 3.00% to 5.25%. The capital appreciation bonds mature on each December 1 beginning in 2010 through 2016. The capital appreciation bonds have effective interest rates ranging from 5.14% to 5.15% and mature at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$14,664,893. A total of \$2,030,627 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2004.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2028.

Series 2002 Refunding General Obligation Bonds

On November 1, 2002, the District issued general obligation bonds (Series 2002 Library Improvement Refunding Bonds) to currently refund the callable portion of the Series 1992 Library Improvement General Obligation Bonds (principal \$1,880,000; interest rate 3.7%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds, par value \$1,840,000, and capital appreciation bonds, par value \$40,000. The average interest rate on the current interest bonds is 3.08%. The capital appreciation bonds mature each December 1, 2015 and 2016 (effective interest 13.95%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$40,000. Total accreted interest of \$9,190 has been included in the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$37,600. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 13 years by \$357,659 and resulted in an economic gain of \$275,452.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2013.

Series 2003 Refunding General Obligation Bonds

On October 1, 2003, the District issued general obligation bonds (Refunding Bonds, Series 2003) to currently refund \$6,415,000 of the Series 1993 Current Interest Bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$5,100,000, and capital appreciation bonds, par value \$1,314,998. The average interest rate on the current interest bonds is 2.50%. The capital appreciation bonds mature December 1, 2007 (effective interest 2.60%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$1,314,998. Total accreted interest of \$41,249 has been included in the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$128,300. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next four years by \$328,817 and resulted in an economic gain of \$318,479.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2006.

Series 2004 Refunding General Obligation Bonds

On May 1, 2004, the District issued general obligation bonds (Series 2004 Refunding Bonds) to advance refund the callable portion of the Series 1994 Current Interest General Obligation Bonds (principal \$7,500,000; interest rate 5.21%). The issuance proceeds of \$7,799,399 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds, par value \$7,355,000, and capital appreciation bonds, par value \$144,994. The average interest rate on the current interest bonds is 4.0%. The capital appreciation bonds mature December 1, 2016 (effective interest 14.60%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$144,994. Total accreted interest of \$1,702 has been included in the statement of activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$299,339. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next sixteen years by \$322,037 and resulted in an economic gain of \$262,458.

- B.** The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

<u>Year Ended</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Total</u>
2005	\$ 3,280,000	\$ 4,638,996	\$ 7,918,996	\$ -	\$ -
2006	4,015,000	4,565,062	8,580,062	-	-
2007	4,520,000	4,466,075	8,986,075	-	-
2008	3,485,000	4,342,039	7,827,039	1,595,000	1,595,000
2009	4,275,000	4,183,247	8,458,247	1,775,000	1,775,000
2010 - 2014	9,505,000	9,785,305	19,290,305	26,225,000	26,225,000
2015 - 2019	3,580,000	10,306,916	13,886,916	13,100,000	13,100,000
2020 - 2024	22,625,000	10,430,287	33,055,287	-	-
2025 - 2029	45,155,000	3,803,750	48,958,750	-	-
Total	\$ 100,440,000	\$ 56,521,677	\$ 156,961,677	\$ 42,695,000	\$ 42,695,000

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. During the fiscal year 2004, the following changes occurred in governmental activities long-term obligations:

	<u>Balance Outstanding July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2004</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
<u>General Obligation Bonds:</u>					
General obligation bonds	\$ 124,622,356	\$ 15,424,250	\$ (16,475,000)	\$ 123,571,606	\$ 3,280,000
Total general obligation bonds payable	<u>\$ 124,622,356</u>	<u>\$ 15,424,250</u>	<u>\$ (16,475,000)</u>	<u>\$ 123,571,606</u>	<u>\$ 3,280,000</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligation	\$ 116,977	\$ -	\$ (50,594)	\$ 66,383	\$ 52,819
Compensated absences	<u>3,873,934</u>	<u>698,171</u>	<u>(437,596)</u>	<u>4,134,509</u>	<u>487,471</u>
Total other long-term obligations	<u>\$ 3,990,911</u>	<u>\$ 698,171</u>	<u>\$ (488,190)</u>	<u>\$ 4,200,892</u>	<u>\$ 540,290</u>
Total governmental activities	<u>\$ 128,613,267</u>	<u>\$ 16,122,421</u>	<u>\$ (16,963,190)</u>	127,772,498	<u>\$ 3,820,290</u>
Less: Unamortized deferred charge on refunding				(433,904)	
Add: Unamortized premium on refunding				<u>665,284</u>	
Total on statement of net assets				<u>\$ 128,003,878</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid.

Capital Lease Obligation: The capital lease obligation will be paid from the permanent improvement fund. See Note 9 for details.

D. Legal Debt Margin

Section 133.06 of the Ohio Revised Code provides that the principal amount of both voted and unvoted general obligation debt of a school district, exclusive of exempt debt, may not exceed nine percent of the total value of all property in the school district as listed and assessed for taxation.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The Pickerington Local School District was determined to be a "special needs" district on March 28, 1989. The determination was confirmed on October 5, 2000.

In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. On June 30, 2004 the District had no unvoted debt.

E. State Loans

In 1979 and in 1999, respectively, the District received a \$2,500,000 and \$6,780,000 interest-free loan from the State of Ohio for the construction of classroom facilities. As of September 2000, S.B. 272 forgives the debt on state loan repayment. Under S.B. 272, districts like Pickerington, which are in the upper half of all Ohio districts in terms of assessed valuation per pupil, no longer are required to pay the state one-half of the half-mill being collected in connection with state-financed classroom facilities projects. S.B. 272 instead requires that all of the half-mill be retained by the school district and applied to repair and maintenance of the district's state projects. Since the District is not required to repay these state loans, no obligation is reported in the statement of net assets.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. Classified employees earn twelve to twenty days of vacation per year, with a maximum accrual of 45 to 60 days, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of 61 days for both certificated and classified employees. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft, or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2004, the District purchased insurance for general liability. General liability had a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate limit with no deductible.

The District purchases property insurance, which requires deductibles ranging from \$250 to \$1,000 depending on the type of property. In addition, the District provides medical benefits to all of its employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative cost.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

B. Group Health and Dental Insurance

Health, life and dental group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions (currently, single coverage is 95% Board-paid and 5% employee-paid capped at \$15.00/month and family coverage is 90% Board-paid and 10% employee-paid capped at \$75.00/month).

For dental benefits the District accounts for and finances its uninsured risks of loss through the general fund. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$75,000 for each dental benefits claim. The plan is offered to school districts state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by Self Funded Plans, Inc. of Cleveland. Through OME-RESA, the District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

C. OSBA Group Workers' Compensation Rating Plan

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the 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.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 12 - RISK MANAGEMENT - (Continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$845,964, \$730,391, and \$671,254, respectively; 52.42% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$402,504 represents the unpaid contribution for fiscal year 2004.

B. State Teachers Retirement System

The 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 retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$5,074,978, \$4,536,853, and \$4,087,892, respectively; 82.57% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$884,412 represents the unpaid contribution for fiscal year 2004. Contributions to the DC and Combined Plans for fiscal year 2004 were \$44,182 made by the District and \$97,800 made by members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS 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% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$362,498 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223.444 million 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 and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$392,051 during the 2004 fiscal year.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (1,584,289)
Net adjustment for revenue accruals	2,460,253
Net adjustment for expenditure accruals	(491,868)
Net adjustment for other sources/uses	(178,086)
Adjustment for encumbrances	<u>1,357,386</u>
GAAP basis	<u>\$ 1,563,396</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is a party to legal proceedings which the outcome is unknown at this time.

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

NOTE 17 - SCHOOL DISTRICT INCOME TAX

The District currently benefits from a 1% income tax, which is assessed on all residents of the District. In 2004, the District income tax generated \$9,406,873 in revenue. The District apportions all the proceeds to the general fund.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside carry forward as of June 30, 2003	\$ (4,209,561)	\$ (74,314,516)
Current year set-aside requirement	1,180,639	1,180,639
Qualifying disbursements	<u>(895,174)</u>	<u>(12,544,655)</u>
Total	<u>\$ (3,924,096)</u>	<u>\$ (85,678,532)</u>
Balance carried forward to FY 2005	<u>\$ (3,924,096)</u>	<u>\$ (85,678,532)</u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials and capital acquisition reserves, these extra amounts may be used to reduce the set-aside requirements for future years. The negative amounts are therefore presented as being carried forward to the next fiscal year.

In a previous year, the District's Board of Education elected to designate \$2,627,993 for budget stabilization. Unless repealed, these funds may only be spent on designated purposes relating to budget stabilization.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

**PICKERINGTON LOCAL SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Food Services Fund

This fund is used to record financial transactions related to food service operations.

School Trusts Fund

This fund is used to account for trust agreements in which principal and income are used to support District programs.

Uniform School Supplies Fund

This fund accounts for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Public School Support Fund

A fund provided to account for special local revenue sources, other than taxes or expendable trusts (i.e., profits from vending machines) that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

Other Local Grants Fund

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

Facility Maintenance Fund

A fund provided to account for proceeds for State Building Assistance repayment.

Student Activity Fund

A fund provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes the athletic programs and the drama program.

Staff Training Fund

A fund provided to account for the monies received and expensed in accordance with the guidelines for staff training as established by the State of Ohio, Department of Education.

Educational Management Information System (EMIS) Fund

A fund provided to account for state funds provided to assist the district in implementing a staff, student and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Entry Year Programs Fund

A fund to account for the implementation of entry-year programs.

Data Link Fund

A fund provided to account for money for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund

A fund provided to account for state funds received to provide professional development programs related to technology

Ohio Reads Fund

A fund provided to account for monies use to develop reading skills funded by the State of Ohio, Department of Education.

**PICKERINGTON LOCAL SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds (Continued)

Summer School Subsidy Fund

A fund provided to account for monies received for summer intervention services.

Vocational Education Enhancement Fund

A fund used to account for vocational educational enhancements including increasing the number of students enrolled in tech prep programs and replacing equipment essential for the instruction of students in job skills taught as part of a vocational program.

Miscellaneous State Grants Fund

A fund provided to account for environmental education to support children and adults in protecting the environment and conserving its natural resources funded by the State of Ohio, Environmental Protection Agency.

Education of Handicapped Children Fund

A fund which accounts for Federal funds used in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at preschool elementary, and secondary levels.

Limited English Proficiency, Title III Fund

This fund is used to account for Federal funds to provide educational services and to meet special education needs of non-english speaking children.

Refugee Transition Fund

This fund is used to account for Federal funds to provide educational services and to meet special education needs of refugee children.

Title I Fund

To account for funds which are to: 1) establish or improve programs designed to meet the special needs of migratory agricultural workers or migratory fishers' and 2) enable State education agencies to coordinate their state migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records or other information about migratory children.

Title VI Fund

A fund which accounts for Federal funds which consolidates various programs into a single authorization used in accordance with the educational needs and priorities of the District.

Drug Free Grant Fund

A fund which accounts for Federal funds used to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in the District.

Title VI-R, Reducing Class Size Fund

To account for a federal grant aimed to reducing class sizes throughout the district.

Miscellaneous Federal Grants Fund

To account for federal grants not classified elsewhere.

**PICKERINGTON LOCAL SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law. The nonmajor debt service fund is:

Library Debt Service Fund

A fund used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations related to the public library.

Nonmajor Capital Projects Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The nonmajor capital projects funds are:

Permanent Improvement Fund

To account for the acquisition, construction, or improvement of capital facilities.

Building Fund

To account for the acquisition and construction of capital facilities including real property.

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,840,437	\$ 532,382	\$ 4,394,421	\$ 7,767,240
Cash with escrow agent	-	-	571,478	571,478
Receivables:				
Property taxes	319,225	222,115	-	541,340
Accounts.	600	-	-	600
Intergovernmental	152,162	-	-	152,162
Materials and supplies inventory	54,550	-	-	54,550
Prepayments.	1,936	-	-	1,936
	<u>\$ 3,368,910</u>	<u>\$ 754,497</u>	<u>\$ 4,965,899</u>	<u>\$ 9,089,306</u>
Total assets.				
Liabilities:				
Accounts payable.	\$ 67,880	\$ -	\$ 200,221	\$ 268,101
Contracts payable.	-	-	60,818	60,818
Retainage payable	-	-	571,478	571,478
Accrued wages and benefits	114,557	-	-	114,557
Pension obligation payable.	17,666	-	-	17,666
Intergovernmental payable	13,168	-	-	13,168
Deferred revenue.	303,841	192,745	-	496,586
	<u>517,112</u>	<u>192,745</u>	<u>832,517</u>	<u>1,542,374</u>
Total liabilities.				
Fund balances:				
Reserved for encumbrances.	105,048	-	1,432,533	1,537,581
Reserved for materials and supplies inventory . . .	54,550	-	-	54,550
Reserved for prepayments.	1,936	-	-	1,936
Reserved for debt service	-	532,382	-	532,382
Reserved for property tax unavailable for appropriation.	42,058	29,370	-	71,428
Unreserved-undesignated:				
Special revenue funds	2,648,206	-	-	2,648,206
Capital projects funds	-	-	2,700,849	2,700,849
	<u>2,851,798</u>	<u>561,752</u>	<u>4,133,382</u>	<u>7,546,932</u>
Total fund balances				
Total liabilities and fund balances.	<u>\$ 3,368,910</u>	<u>\$ 754,497</u>	<u>\$ 4,965,899</u>	<u>\$ 9,089,306</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 347,528	\$ 233,151	\$ 61	\$ 580,740
Tuition	84,511	-	-	84,511
Charges for services	1,744,919	-	-	1,744,919
Earnings on investments	5,811	-	63,408	69,219
Extracurricular	738,964	-	-	738,964
Classroom materials and fees	434,711	-	-	434,711
Other local revenues	597,058	-	70,242	667,300
Intergovernmental - state	341,862	27,582	-	369,444
Intergovernmental - federal	1,874,033	-	-	1,874,033
Total revenues	<u>6,169,397</u>	<u>260,733</u>	<u>133,711</u>	<u>6,563,841</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,054,671	-	-	1,054,671
Special	297,676	-	-	297,676
Support services:				
Pupil	386,809	-	-	386,809
Instructional staff	348,759	-	193,337	542,096
Board of Education	1,237	-	-	1,237
Administration	68,593	-	-	68,593
Fiscal	2,492	3,489	4	5,985
Operations and maintenance	1,039,550	-	-	1,039,550
Central	32,173	-	-	32,173
Operation of non-instructional services	42,465	-	-	42,465
Food service operations	2,481,291	-	-	2,481,291
Extracurricular activities	726,567	-	18,217	744,784
Facilities acquisition and construction	121,320	-	7,902,848	8,024,168
Debt service:				
Principal retirement	-	175,000	50,594	225,594
Interest and fiscal charges	-	27,666	4,053	31,719
Total expenditures	<u>6,603,603</u>	<u>206,155</u>	<u>8,169,053</u>	<u>14,978,811</u>
Excess of revenues over (under) expenditures	<u>(434,206)</u>	<u>54,578</u>	<u>(8,035,342)</u>	<u>(8,414,970)</u>
Other financing sources (uses):				
Transfers in	-	-	2,627,993	2,627,993
Total other financing sources (uses)	-	-	2,627,993	2,627,993
Net change in fund balances	(434,206)	54,578	(5,407,349)	(5,786,977)
Fund balances, July 1	3,295,985	507,174	9,540,731	13,343,890
(Decrease) in reserve for inventory	(9,981)	-	-	(9,981)
Fund balances, June 30	<u>\$ 2,851,798</u>	<u>\$ 561,752</u>	<u>\$ 4,133,382</u>	<u>\$ 7,546,932</u>

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004

	<u>Food Services</u>	<u>School Trusts</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 409,833	\$ 44,704	\$ 104,622	\$ 237,749
Receivables:				
Property taxes	-	-	-	-
Accounts.	600	-	-	-
Intergovernmental	55,394	-	-	-
Materials and supplies inventory	54,550	-	-	-
Prepayments.	1,936	-	-	-
Total assets.	<u>\$ 522,313</u>	<u>\$ 44,704</u>	<u>\$ 104,622</u>	<u>\$ 237,749</u>
Liabilities:				
Accounts payable.	\$ 2,913	\$ 965	\$ 4,590	\$ 42,832
Accrued wages and benefits	113,752	-	-	805
Pension obligation payable.	17,666	-	-	-
Intergovernmental payable	9,684	-	-	159
Deferred revenue.	-	-	-	-
Total liabilities.	<u>144,015</u>	<u>965</u>	<u>4,590</u>	<u>43,796</u>
Fund balances (deficits):				
Reserved for encumbrances	77,527	-	13,256	-
Reserved for materials and supplies inventory	54,550	-	-	-
Reserved for prepayments	1,936	-	-	-
Reserved for property tax unavailable for appropriation.	-	-	-	-
Unreserved-undesignated (deficits)	244,285	43,739	86,776	193,953
Total fund balances (deficits)	<u>378,298</u>	<u>43,739</u>	<u>100,032</u>	<u>193,953</u>
Total liabilities and fund balances.	<u>\$ 522,313</u>	<u>\$ 44,704</u>	<u>\$ 104,622</u>	<u>\$ 237,749</u>

<u>Other Local Grants</u>	<u>Facilities Maintenance</u>	<u>Student Activity</u>	<u>EMIS</u>	<u>Entry Year Programs</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>
\$ 527,142	\$ 979,223	\$ 343,367	\$ 62,512	\$ 2,597	\$ 2,570	\$ 3,474
-	319,225	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 527,142</u>	<u>\$ 1,298,448</u>	<u>\$ 343,367</u>	<u>\$ 62,512</u>	<u>\$ 2,597</u>	<u>\$ 2,570</u>	<u>\$ 3,474</u>
\$ 470	\$ -	\$ 10,532	\$ -	\$ -	\$ -	\$ 2,814
-	-	-	-	-	-	-
-	-	-	-	-	-	-
968	-	146	22	46	-	44
-	277,167	-	-	-	-	-
<u>1,438</u>	<u>277,167</u>	<u>10,678</u>	<u>22</u>	<u>46</u>	<u>-</u>	<u>2,858</u>
-	795	7,210	-	260	50	660
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	42,058	-	-	-	-	-
<u>525,704</u>	<u>978,428</u>	<u>325,479</u>	<u>62,490</u>	<u>2,291</u>	<u>2,520</u>	<u>(44)</u>
<u>525,704</u>	<u>1,021,281</u>	<u>332,689</u>	<u>62,490</u>	<u>2,551</u>	<u>2,570</u>	<u>616</u>
<u>\$ 527,142</u>	<u>\$ 1,298,448</u>	<u>\$ 343,367</u>	<u>\$ 62,512</u>	<u>\$ 2,597</u>	<u>\$ 2,570</u>	<u>\$ 3,474</u>

PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2004

	<u>Summer School Subsidy</u>	<u>Vocational Education Enhancement</u>	<u>Education of Handicapped Children</u>	<u>Limited English Proficiency Title III</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,553	\$ 1,224	\$ 93,138	\$ 6,439
Receivables:				
Property taxes - current & delinquent	-	-	-	-
Accounts.	-	-	-	-
Intergovernmental	-	-	12,560	17,314
Materials and supplies inventory	-	-	-	-
Prepayments.	-	-	-	-
Total assets.	<u>\$ 1,553</u>	<u>\$ 1,224</u>	<u>\$ 105,698</u>	<u>\$ 23,753</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ 179	\$ 1,714
Accrued wages and benefits	-	-	-	-
Pension obligation payable.	-	-	-	-
Intergovernmental payable	170	-	1,003	24
Deferred revenue.	-	-	-	4,581
Total liabilities.	<u>170</u>	<u>-</u>	<u>1,182</u>	<u>6,319</u>
Fund balances (deficits):				
Reserved for encumbrances	-	1,224	-	1,614
Reserved for materials and supplies inventory	-	-	-	-
Reserved for prepayments	-	-	-	-
Reserved for property tax	-	-	-	-
unavailable for appropriation.	-	-	-	-
Unreserved-undesignated (deficits)	<u>1,383</u>	<u>-</u>	<u>104,516</u>	<u>15,820</u>
Total fund balances (deficits)	<u>1,383</u>	<u>1,224</u>	<u>104,516</u>	<u>17,434</u>
Total liabilities and fund balances.	<u>\$ 1,553</u>	<u>\$ 1,224</u>	<u>\$ 105,698</u>	<u>\$ 23,753</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Grant</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 17,267	\$ -	\$ 17	\$ 3,006	\$ -	\$ 2,840,437
-	-	-	-	-	319,225
-	-	-	-	-	600
226	-	95	58,362	8,211	152,162
-	-	-	-	-	54,550
-	-	-	-	-	1,936
<u>\$ 17,493</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 61,368</u>	<u>\$ 8,211</u>	<u>\$ 3,368,910</u>
\$ 149	\$ -	\$ -	\$ 722	\$ -	\$ 67,880
-	-	-	-	-	114,557
-	-	-	-	-	17,666
516	105	49	225	7	13,168
226	-	95	19,357	2,415	303,841
<u>891</u>	<u>105</u>	<u>144</u>	<u>20,304</u>	<u>2,422</u>	<u>517,112</u>
-	-	17	2,435	-	105,048
-	-	-	-	-	54,550
-	-	-	-	-	1,936
-	-	-	-	-	42,058
<u>16,602</u>	<u>(105)</u>	<u>(49)</u>	<u>38,629</u>	<u>5,789</u>	<u>2,648,206</u>
<u>16,602</u>	<u>(105)</u>	<u>(32)</u>	<u>41,064</u>	<u>5,789</u>	<u>2,851,798</u>
<u>\$ 17,493</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 61,368</u>	<u>\$ 8,211</u>	<u>\$ 3,368,910</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Food Services</u>	<u>School Trusts</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
Revenues:				
From local sources:				
Taxes	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	84,511
Charges for services	1,744,919	-	-	-
Earnings on investments	5,811	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	434,711	-
Other local revenues	-	8,735	-	56,609
Intergovernmental - state	7,760	-	-	-
Intergovernmental - federal	571,621	-	-	-
Total revenues	<u>2,330,111</u>	<u>8,735</u>	<u>434,711</u>	<u>141,120</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	3,388	407,533	-
Special	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	85,751
Board of Education	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	1,039,550
Central	-	-	-	-
Operation of non-instructional services	-	-	-	42,141
Food service operations	2,481,291	-	-	-
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>2,481,291</u>	<u>3,388</u>	<u>407,533</u>	<u>1,167,442</u>
Excess of revenues over (under) expenditures	<u>(151,180)</u>	<u>5,347</u>	<u>27,178</u>	<u>(1,026,322)</u>
Net change in fund balances	(151,180)	5,347	27,178	(1,026,322)
Fund balances, July 1	539,459	38,392	72,854	1,220,275
(Decrease) in reserve for inventory	<u>(9,981)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), June 30	<u>\$ 378,298</u>	<u>\$ 43,739</u>	<u>\$ 100,032</u>	<u>\$ 193,953</u>

<u>Other Local Grants</u>	<u>Facility Maintenance</u>	<u>Student Activity</u>	<u>Staff Training</u>	<u>EMIS</u>	<u>Entry Year Programs</u>	<u>Data Link</u>
\$ -	\$ 347,528	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
357,272	-	381,692	-	-	-	-
-	-	-	-	-	-	-
436,328	-	95,386	-	-	-	-
-	39,785	-	-	32,326	27,500	33,000
-	-	-	-	-	-	-
<u>793,600</u>	<u>387,313</u>	<u>477,078</u>	<u>-</u>	<u>32,326</u>	<u>27,500</u>	<u>33,000</u>
118,219	-	-	-	-	24,949	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
200	-	-	19	-	-	33,000
1,237	-	-	-	-	-	-
-	-	366	-	-	-	-
-	2,492	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	21,317	-	10,856
-	-	-	-	-	-	-
-	-	-	-	-	-	-
198,340	-	528,227	-	-	-	-
-	121,320	-	-	-	-	-
<u>317,996</u>	<u>123,812</u>	<u>528,593</u>	<u>19</u>	<u>21,317</u>	<u>24,949</u>	<u>43,856</u>
<u>475,604</u>	<u>263,501</u>	<u>(51,515)</u>	<u>(19)</u>	<u>11,009</u>	<u>2,551</u>	<u>(10,856)</u>
475,604	263,501	(51,515)	(19)	11,009	2,551	(10,856)
50,100	757,780	384,204	19	51,481	-	10,856
-	-	-	-	-	-	-
<u>\$ 525,704</u>	<u>\$ 1,021,281</u>	<u>\$ 332,689</u>	<u>\$ -</u>	<u>\$ 62,490</u>	<u>\$ 2,551</u>	<u>\$ -</u>

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	School Net Professional Development	Ohio Reads	Summer School Subsidy	Vocational Education Enhancement
Revenues:				
From local sources:				
Taxes	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	-	-	-	-
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	4,140	31,000	165,127	1,224
Intergovernmental - federal	-	-	-	-
	4,140	31,000	165,127	1,224
Total revenues.	4,140	31,000	165,127	1,224
Expenditures:				
Current:				
Instruction:				
Regular	-	-	161,066	-
Special	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	4,043	33,494	4,231	-
Board of Education	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Food service operations	-	-	-	-
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
	4,043	33,494	165,297	-
Total expenditures.	4,043	33,494	165,297	-
Excess of revenues over (under) expenditures	97	(2,494)	(170)	1,224
Net change in fund balances	97	(2,494)	(170)	1,224
Fund balances, July 1.	2,473	3,110	1,553	-
(Decrease) in reserve for inventory.	-	-	-	-
Fund balances (deficits), June 30.	\$ 2,570	\$ 616	\$ 1,383	\$ 1,224

3)

<u>Miscellaneous State Grants</u>	<u>Education of Handicapped Children</u>	<u>Limited English Proficiency Title III</u>	<u>Refugee Transition</u>	<u>Title I</u>	<u>Title VI</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,596	771,740	33,098	-	250,406	45,333
<u>6,596</u>	<u>771,740</u>	<u>33,098</u>	<u>-</u>	<u>250,406</u>	<u>45,333</u>
2,423	-	20,257	-	247,005	52,677
-	161,454	-	-	-	-
-	366,431	-	-	-	-
1	183,431	-	1,185	-	-
-	-	-	-	-	-
7,798	60,429	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
324	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,546</u>	<u>771,745</u>	<u>20,257</u>	<u>1,185</u>	<u>247,005</u>	<u>52,677</u>
<u>(3,950)</u>	<u>(5)</u>	<u>12,841</u>	<u>(1,185)</u>	<u>3,401</u>	<u>(7,344)</u>
(3,950)	(5)	12,841	(1,185)	3,401	(7,344)
3,950	104,521	4,593	1,185	13,201	7,239
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 104,516</u>	<u>\$ 17,434</u>	<u>\$ -</u>	<u>\$ 16,602</u>	<u>\$ (105)</u>

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Drug Free Grant</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:				
From local sources:				
Taxes	\$ -	\$ -	\$ -	\$ 347,528
Tuition	-	-	-	84,511
Charges for services	-	-	-	1,744,919
Earnings on investments	-	-	-	5,811
Extracurricular	-	-	-	738,964
Classroom materials and fees	-	-	-	434,711
Other local revenues	-	-	-	597,058
Intergovernmental - state	-	-	-	341,862
Intergovernmental - federal	20,918	169,061	5,260	1,874,033
Total revenues	<u>20,918</u>	<u>169,061</u>	<u>5,260</u>	<u>6,169,397</u>
Expenditures:				
Current:				
Instruction:				
Regular	614	16,540	-	1,054,671
Special	-	119,829	16,393	297,676
Support services:				
Pupil	20,378	-	-	386,809
Instructional staff	-	-	3,404	348,759
Board of Education	-	-	-	1,237
Administration	-	-	-	68,593
Fiscal	-	-	-	2,492
Operations and maintenance	-	-	-	1,039,550
Central	-	-	-	32,173
Operation of non-instructional services	-	-	-	42,465
Food service operations	-	-	-	2,481,291
Extracurricular activities	-	-	-	726,567
Facilities acquisition and construction	-	-	-	121,320
Total expenditures	<u>20,992</u>	<u>136,369</u>	<u>19,797</u>	<u>6,603,603</u>
Excess of revenues over (under) expenditures	<u>(74)</u>	<u>32,692</u>	<u>(14,537)</u>	<u>(434,206)</u>
Net change in fund balances	(74)	32,692	(14,537)	(434,206)
Fund balances, July 1	42	8,372	20,326	3,295,985
(Decrease) in reserve for inventory	-	-	-	(9,981)
Fund balances (deficits), June 30	<u>\$ (32)</u>	<u>\$ 41,064</u>	<u>\$ 5,789</u>	<u>\$ 2,851,798</u>

**PICKERINGTON LOCALSCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2004

	Permanent Improvement	Building Fund	Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 3,048,957	\$ 1,345,464	\$ 4,394,421
Cash with escrow agent	-	571,478	571,478
Total assets.	\$ 3,048,957	\$ 1,916,942	\$ 4,965,899
Liabilities:			
Accounts payable.	\$ 200,221	\$ -	\$ 200,221
Contracts payable.	-	60,818	60,818
Retainage payable		571,478	571,478
Total liabilities.	200,221	632,296	832,517
Fund balances:			
Reserved for encumbrances	798,306	634,227	1,432,533
Unreserved-undesignated	2,050,430	650,419	2,700,849
Total fund balances	2,848,736	1,284,646	4,133,382
Total liabilities and fund balances.	\$ 3,048,957	\$ 1,916,942	\$ 4,965,899

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Permanent Improvement	Building Fund	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	\$ 61	\$ -	\$ 61
Earnings on investments	1,742	61,666	63,408
Other local revenues	70,242	-	70,242
 Total revenues	72,045	61,666	133,711
 Expenditures:			
Current:			
Support services:			
Instructional staff	193,337	-	193,337
Fiscal	4	-	4
Extracurricular activities	-	18,217	18,217
Facilities acquisition and construction	425,017	7,477,831	7,902,848
Debt service:			
Principal retirement	50,594	-	50,594
Interest and fiscal charges	4,053	-	4,053
 Total expenditures	673,005	7,496,048	8,169,053
 Excess of revenues over (under) expenditures	(600,960)	(7,434,382)	(8,035,342)
 Other financing sources:			
Transfers in	2,627,993	-	2,627,993
 Total other financing sources	2,627,993	-	2,627,993
 Net change in fund balances	2,027,033	(7,434,382)	(5,407,349)
 Fund balances, July 1	821,703	8,719,028	9,540,731
 Fund balances, June 30	\$ 2,848,736	\$ 1,284,646	\$ 4,133,382

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Food Services				
Total Revenues and Other Sources	\$ 1,872,700	\$ 1,872,700	\$ 2,122,580	\$ 249,880
Total Expenditures and Other Uses	<u>1,723,718</u>	<u>2,443,230</u>	<u>2,442,112</u>	<u>1,118</u>
Net Change in Fund Balances	148,982	(570,530)	(319,532)	250,998
Fund Balance, July 1	477,845	477,845	477,845	-
Prior Year Encumbrances Appropriated	<u>165,933</u>	<u>165,933</u>	<u>165,933</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 792,760</u>	<u>\$ 73,248</u>	<u>\$ 324,246</u>	<u>\$ 250,998</u>
School Trusts				
Total Revenues and Other Sources	\$ 7,134	\$ 7,134	\$ 8,735	\$ 1,601
Total Expenditures and Other Uses	<u>46,498</u>	<u>46,498</u>	<u>3,395</u>	<u>43,103</u>
Net Change in Fund Balances	(39,364)	(39,364)	5,340	44,704
Fund Balance, July 1	37,416	37,416	37,416	-
Prior Year Encumbrances Appropriated	<u>1,948</u>	<u>1,948</u>	<u>1,948</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,704</u>	<u>\$ 44,704</u>
Uniform School Supplies				
Total Revenues and Other Sources	\$ 359,458	\$ 405,458	\$ 434,707	\$ 29,249
Total Expenditures and Other Uses	<u>335,524</u>	<u>425,635</u>	<u>424,884</u>	<u>751</u>
Net Change in Fund Balances	23,934	(20,177)	9,823	30,000
Fund Balance, July 1	57,043	57,043	57,043	-
Prior Year Encumbrances Appropriated	<u>22,699</u>	<u>22,699</u>	<u>22,699</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 103,676</u>	<u>\$ 59,565</u>	<u>\$ 89,565</u>	<u>\$ 30,000</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Public School Support				
Total Revenues and Other Sources	\$ 123,500	\$ 123,500	\$ 141,120	\$ 17,620
Total Expenditures and Other Uses	<u>1,107,162</u>	<u>1,231,393</u>	<u>1,231,392</u>	<u>1</u>
Net Change in Fund Balances	(983,662)	(1,107,893)	(1,090,272)	17,621
Fund Balance, July 1	1,227,568	1,227,568	1,227,568	-
Prior Year Encumbrances Appropriated	<u>7,162</u>	<u>7,162</u>	<u>7,162</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 251,068</u>	<u>\$ 126,837</u>	<u>\$ 144,458</u>	<u>\$ 17,621</u>
Other Local Grants				
Total Revenues and Other Sources	\$ 21,800	\$ 371,800	\$ 793,599	\$ 421,799
Total Expenditures and Other Uses	<u>51,055</u>	<u>321,283</u>	<u>321,282</u>	<u>1</u>
Net Change in Fund Balances	(29,255)	50,517	472,317	421,800
Fund Balance, July 1	51,298	51,298	51,298	-
Prior Year Encumbrances Appropriated	<u>1,055</u>	<u>1,055</u>	<u>1,055</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 23,098</u>	<u>\$ 102,870</u>	<u>\$ 524,670</u>	<u>\$ 421,800</u>
Facility Maintenance				
Total Revenues and Other Sources	\$ 333,000	\$ 339,000	\$ 345,867	\$ 6,867
Total Expenditures and Other Uses	<u>151,946</u>	<u>151,946</u>	<u>126,606</u>	<u>25,340</u>
Net Change in Fund Balances	181,054	187,054	219,261	32,207
Fund Balance, July 1	707,221	707,221	707,221	-
Prior Year Encumbrances Appropriated	<u>51,946</u>	<u>51,946</u>	<u>51,946</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 940,221</u>	<u>\$ 946,221</u>	<u>\$ 978,428</u>	<u>\$ 32,207</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Student Activity				
Total Revenues and Other Sources	\$ 393,430	\$ 393,430	\$ 477,077	\$ 83,647
Total Expenditures and Other Uses	<u>521,119</u>	<u>548,419</u>	<u>548,383</u>	<u>36</u>
Net Change in Fund Balances	(127,689)	(154,989)	(71,306)	83,683
Fund Balance, July 1	380,096	380,096	380,096	-
Prior Year Encumbrances Appropriated	<u>21,119</u>	<u>21,119</u>	<u>21,119</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 273,526</u>	<u>\$ 246,226</u>	<u>\$ 329,909</u>	<u>\$ 83,683</u>
Staff Training				
Total Expenditures and Other Uses	\$ -	\$ 19	\$ 19	\$ -
Net Change in Fund Balances	-	(19)	(19)	-
Fund Balance, July 1	19	19	19	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EMIS				
Total Revenues and Other Sources	\$ 22,000	\$ 24,636	\$ 32,326	\$ 7,690
Total Expenditures and Other Uses	<u>-</u>	<u>21,296</u>	<u>21,296</u>	<u>-</u>
Net Change in Fund Balances	22,000	3,340	11,030	7,690
Fund Balance, July 1	51,482	51,482	51,482	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 73,482</u>	<u>\$ 54,822</u>	<u>\$ 62,512</u>	<u>\$ 7,690</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Over (Under)
	Original	Final		
Entry Year Programs				
Total Revenues and Other Sources	\$ -	\$ 27,500	\$ 27,500	\$ -
Total Expenditures and Other Uses	-	27,500	27,500	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Data Link				
Total Revenues and Other Sources	\$ 30,000	\$ 33,000	\$ 33,000	\$ -
Total Expenditures and Other Uses	-	43,856	43,856	-
Net Change in Fund Balances	30,000	(10,856)	(10,856)	-
Fund Balance, July 1	10,856	10,856	10,856	-
Fund Balance, June 30	<u>\$ 40,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SchoolNet Professional Development				
Total Revenues and Other Sources	\$ -	\$ 4,840	\$ 4,140	\$ (700)
Total Expenditures and Other Uses	700	4,840	4,095	745
Net Change in Fund Balances	(700)	-	45	45
Fund Balance, July 1	1,775	1,775	1,775	-
Prior Year Encumbrances Appropriated	700	700	700	-
Fund Balance, June 30	<u>\$ 1,775</u>	<u>\$ 2,475</u>	<u>\$ 2,520</u>	<u>\$ 45</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Ohio Reads				
Total Revenues and Other Sources	\$ -	\$ 31,000	\$ 31,000	\$ -
Total Expenditures and Other Uses	<u>5,108</u>	<u>38,691</u>	<u>38,691</u>	<u>-</u>
Net Change in Fund Balances	(5,108)	(7,691)	(7,691)	-
Fund Balance, July 1	2,583	2,583	2,583	-
Prior Year Encumbrances Appropriated	<u>5,108</u>	<u>5,108</u>	<u>5,108</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Summer School Subsidy				
Total Revenues and Other Sources	\$ -	\$ 165,127	\$ 165,127	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>165,127</u>	<u>165,127</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, July 1	<u>1,553</u>	<u>1,553</u>	<u>1,553</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,553</u>	<u>\$ 1,553</u>	<u>\$ 1,553</u>	<u>\$ -</u>
Vocational Education Enhancement				
Total Revenues and Other Sources	\$ -	\$ 1,224	\$ 1,224	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>1,224</u>	<u>1,224</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ -	\$ 12,196	\$ 12,196	\$ -
Total Expenditures and Other Uses	<u>7,662</u>	<u>21,061</u>	<u>21,061</u>	<u>-</u>
Net Change in Fund Balances	(7,662)	(8,865)	(8,865)	-
Fund Balance, July 1	1,203	1,203	1,203	-
Prior Year Encumbrances Appropriated	<u>7,662</u>	<u>7,662</u>	<u>7,662</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Education of Handicapped Children				
Total Revenues and Other Sources	\$ 750,584	\$ 750,584	\$ 802,178	\$ 51,594
Total Expenditures and Other Uses	<u>750,584</u>	<u>775,744</u>	<u>775,744</u>	<u>-</u>
Net Change in Fund Balances	-	(25,160)	26,434	51,594
Fund Balance, July 1	<u>66,526</u>	<u>66,526</u>	<u>66,526</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 66,526</u>	<u>\$ 41,366</u>	<u>\$ 92,960</u>	<u>\$ 51,594</u>
Limited English Proficiency, Title III				
Total Revenues and Other Sources	\$ 29,419	\$ 35,312	\$ 22,579	\$ (12,733)
Total Expenditures and Other Uses	<u>30,348</u>	<u>38,576</u>	<u>22,268</u>	<u>16,308</u>
Net Change in Fund Balances	(929)	(3,264)	311	3,575
Fund Balance, July 1	2,335	2,335	2,335	-
Prior Year Encumbrances Appropriated	<u>929</u>	<u>929</u>	<u>929</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,335</u>	<u>\$ -</u>	<u>\$ 3,575</u>	<u>\$ 3,575</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Refugee Transition				
Total Revenues and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	-	1,185	1,185	-
Net Change in Fund Balances	-	(1,185)	(1,185)	-
Fund Balance, July 1	1,185	1,185	1,185	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ 1,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title I				
Total Revenues and Other Sources	\$ 255,899	\$ 250,407	\$ 262,306	\$ 11,899
Total Expenditures and Other Uses	259,549	252,795	249,294	3,501
Net Change in Fund Balances	(3,650)	(2,388)	13,012	15,400
Prior Year Encumbrances Appropriated	3,649	3,649	3,649	-
Fund Balance, June 30	<u>\$ 456</u>	<u>\$ 1,718</u>	<u>\$ 17,118</u>	<u>\$ 15,400</u>
Title VI				
Total Revenues and Other Sources	\$ 45,371	\$ 48,226	\$ 48,226	\$ -
Total Expenditures and Other Uses	45,371	52,573	52,573	-
Net Change in Fund Balances	-	(4,347)	(4,347)	-
Fund Balance, July 1	4,347	4,347	4,347	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ 4,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Drug Free Grant				
Total Revenues and Other Sources	\$ 20,934	\$ 20,918	\$ 20,918	\$ -
Total Expenditures and Other Uses	<u>21,003</u>	<u>21,080</u>	<u>21,080</u>	<u>-</u>
Net Change in Fund Balances	(69)	(162)	(162)	-
Prior Year Encumbrances Appropriated	<u>70</u>	<u>70</u>	<u>70</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title VI - R				
Total Revenues and Other Sources	\$ 134,770	\$ 134,290	\$ 130,056	\$ (4,234)
Total Expenditures and Other Uses	<u>143,561</u>	<u>148,890</u>	<u>145,512</u>	<u>3,378</u>
Net Change in Fund Balances	(8,791)	(14,600)	(15,456)	(856)
Fund Balance, July 1	6,665	6,665	6,665	-
Prior Year Encumbrances Appropriated	<u>8,791</u>	<u>8,791</u>	<u>8,791</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,665</u>	<u>\$ 856</u>	<u>\$ -</u>	<u>\$ (856)</u>
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ 5,457	\$ 19,359	\$ 13,563	\$ (5,796)
Total Expenditures and Other Uses	<u>23,492</u>	<u>42,827</u>	<u>37,031</u>	<u>5,796</u>
Net Change in Fund Balances	(18,035)	(23,468)	(23,468)	-
Fund Balance, July 1	5,433	5,433	5,433	-
Prior Year Encumbrances Appropriated	<u>18,035</u>	<u>18,035</u>	<u>18,035</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Bond Retirement - District Debt				
Total Revenues and Other Sources	\$ 8,040,000	\$ 23,450,604	\$ 29,309,686	\$ 5,859,082
Total Expenditures and Other Uses	<u>7,532,925</u>	<u>28,376,332</u>	<u>28,376,332</u>	<u>-</u>
Net Change in Fund Balances	507,075	(4,925,728)	933,354	5,859,082
Fund Balance, July 1	<u>5,749,792</u>	<u>5,749,792</u>	<u>5,749,792</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 6,256,867</u></u>	<u><u>\$ 824,064</u></u>	<u><u>\$ 6,683,146</u></u>	<u><u>\$ 5,859,082</u></u>
Bond Retirement - Library Debt				
Total Revenues and Other Sources	\$ 225,500	\$ 234,500	\$ 239,436	\$ 4,936
Total Expenditures and Other Uses	<u>232,245</u>	<u>232,245</u>	<u>206,155</u>	<u>26,090</u>
Net Change in Fund Balances	(6,745)	2,255	33,281	31,026
Fund Balance, July 1	<u>499,101</u>	<u>499,101</u>	<u>499,101</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 492,356</u></u>	<u><u>\$ 501,356</u></u>	<u><u>\$ 532,382</u></u>	<u><u>\$ 31,026</u></u>
Permanent Improvement				
Total Revenues and Other Sources	\$ 64,755	\$ 1,564,755	\$ 2,700,038	\$ 1,135,283
Total Expenditures and Other Uses	<u>657,399</u>	<u>1,540,818</u>	<u>1,540,818</u>	<u>-</u>
Net Change in Fund Balances	(592,644)	23,937	1,159,220	1,135,283
Fund Balance, July 1	683,811	683,811	683,811	-
Prior Year Encumbrances Appropriated	<u>207,399</u>	<u>207,399</u>	<u>207,399</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 298,566</u></u>	<u><u>\$ 915,147</u></u>	<u><u>\$ 2,050,430</u></u>	<u><u>\$ 1,135,283</u></u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Building				
Total Revenues and Other Sources	\$ 40,000	\$ 2,096,000	\$ 2,745,576	\$ 649,576
Total Expenditures and Other Uses	<u>11,027,900</u>	<u>13,239,705</u>	<u>13,239,633</u>	<u>72</u>
Net Change in Fund Balances	(10,987,900)	(11,143,705)	(10,494,057)	649,648
Fund Balance, July 1	1,041,643	1,041,643	1,041,643	-
Prior Year Encumbrances Appropriated	<u>10,102,900</u>	<u>10,102,900</u>	<u>10,102,900</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 156,643</u>	<u>\$ 838</u>	<u>\$ 650,486</u>	<u>\$ 649,648</u>

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**PICKERINGTON LOCAL SCHOOLS
COMBINING STATEMENTS - FIDUCIARY FUNDS**

Fiduciary Funds

The trust fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The agency fund is used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Special Trust Fund

The district has one special trust fund, a private-purpose trust fund, which is comprised of assets held in trust that were created by donations for the establishment of memorial funds.

Student Activity Fund

An agency fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor.

**PICKERINGTON LOCAL SCHOOLS
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2004

Student Activity	Beginning Balance July 1, 2003	Additions	Deletions	Ending Balance June 30, 2004
Assets:				
Equity in pooled cash and cash equivalents	\$ 99,232	\$ 250,896	\$ 214,758	\$ 135,370
Total assets	<u>\$ 99,232</u>	<u>\$ 250,896</u>	<u>\$ 214,758</u>	<u>\$ 135,370</u>
Liabilities:				
Accounts payable	\$ 12,861	\$ 1,631	\$ 12,861	\$ 1,631
Due to students	86,371	249,265	201,897	133,739
Total liabilities.	<u>\$ 99,232</u>	<u>\$ 250,896</u>	<u>\$ 214,758</u>	<u>\$ 135,370</u>

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Special Trust				
Total Expenditures and Other Uses	\$ 9,950	\$ 9,950	\$ 1,000	\$ 8,950
Net Change in Fund Balances	(9,950)	(9,950)	(1,000)	8,950
Fund Balance, July 1	9,950	9,950	9,950	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,950</u>	<u>\$ 8,950</u>
Student Activity				
Total Revenues and Other Sources	\$ 201,920	\$ 201,920	\$ 274,691	\$ 72,771
Total Expenditures and Other Uses	<u>201,649</u>	<u>240,841</u>	<u>240,389</u>	<u>452</u>
Net Change in Fund Balances	271	(38,921)	34,302	73,223
Fund Balance, July 1	97,583	97,583	97,583	-
Prior Year Encumbrances Appropriated	<u>1,649</u>	<u>1,649</u>	<u>1,649</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 99,503</u>	<u>\$ 60,311</u>	<u>\$ 133,534</u>	<u>\$ 73,223</u>

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STATISTICAL SECTION

STATISTICAL SECTION

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

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

<u>Fiscal Year</u>	<u>Instructional Services</u>	<u>Support Services</u>	<u>Extra-curricular</u>	<u>Community Service</u>	<u>Food Service Operations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
2004	\$ 40,520,261	\$ 25,099,955	\$ 2,094,169	\$ 43,482	\$ 2,481,291	\$ 8,024,168	\$ 7,814,467	\$ 86,077,793
2003 (2)	35,950,333	22,221,253	1,736,961	37,921	1,796,314	35,424,860	7,827,590	104,995,232
2002	32,849,937	21,558,916	1,462,045	33,495	-	30,524,600	8,335,984	94,764,977
2001	28,785,630	19,976,293	1,216,351	-	-	9,567,341	5,477,963	65,023,578
2000	26,001,640	17,263,484	1,069,351	-	-	13,757,167	5,501,561	63,593,203
1999	23,562,720	14,651,865	1,011,699	-	-	9,405,083	4,730,598	53,361,965
1998	21,798,435	13,540,272	913,641	-	-	1,541,281	3,742,816	41,536,445
1997	20,629,994	12,670,089	857,677	-	-	1,324,691	3,822,081	39,304,532
1996	19,331,636	11,432,993	827,807	-	-	6,152,121	3,818,498	41,563,055
1995	16,845,421	9,828,643	774,330	-	-	5,840,196	3,512,295	36,800,885
1994	14,266,917	8,443,494	719,141	-	-	2,223,730	3,180,982	28,834,264

Notes: (1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.
(2) Due to GASB 34 certain funds have been reclassified in FY 2003.

Source: Office of the Treasurer, Pickerington Local School District

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

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

Fiscal Year	Taxes	State Sources	Federal Sources	Investment Earnings	Other	Total
2004	\$ 39,230,441	\$ 37,972,112	\$ 1,875,694	\$ 263,681	\$ 3,952,767	\$ 83,294,695
2003 (2)	31,482,948	32,868,901	1,121,509	851,930	2,856,848	69,182,136
2002	31,474,590	30,047,759	658,622	2,665,255	1,051,084	65,897,310
2001	28,046,408	24,540,717	425,510	2,066,816	1,020,596	56,100,047
2000	24,979,140	21,010,158	375,104	1,909,171	857,527	49,131,100
1999	23,846,464	19,323,948	295,891	1,726,777	820,252	46,013,332
1998	21,979,064	16,800,259	254,159	1,068,398	1,000,160	41,102,040
1997	21,955,759	16,153,319	199,435	827,983	729,523	39,866,019
1996	19,143,224	14,921,971	225,639	904,951	513,117	35,708,902
1995	17,897,669	12,703,436	210,830	1,103,249	486,031	32,401,215
1994	16,357,907	11,419,997	201,052	560,323	395,702	28,934,981

Notes: (1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(2) Due to GASB 34 certain funds have been reclassified in FY 2003.

Source: Office of the Treasurer, Pickerington Local School District

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL ESTATE, PUBLIC UTILITIES, TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>% of Total Collection to Levy</u>
2003	\$ 25,554,535	\$ 24,351,818	95.29%	\$ 574,565	\$ 24,926,383	97.54%
2002	24,606,005	23,458,085	95.33%	455,996	23,914,081	97.19%
2001	22,556,633	21,490,968	95.28%	344,818	21,835,786	96.80%
2000	19,204,375	18,337,038	95.48%	346,782	18,683,820	97.29%
1999	18,307,924	17,512,454	95.66%	295,864	17,808,318	97.27%
1998	18,281,153	17,723,753	96.95%	237,459	17,961,212	98.25%
1997	14,765,753	14,388,155	97.44%	231,438	14,619,593	99.01%
1996	15,677,234	15,257,066	97.32%	198,253	15,455,319	98.58%
1995	12,013,922	11,841,365	98.56%	218,836	12,060,201	100.39%
1994	12,348,066	12,129,202	98.23%	284,144	12,413,346	100.53%

Note: Taxes are assessed and collected on a calendar year schedule, thus 1996 values are the basis for 1997 collections. These tables have been revised to include the state's portion of Homestead and Rollback in collections figures. New figures are reflected starting with collection year 1996.

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

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**

Collection Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 802,438,990	\$ 2,292,682,829	\$ 14,528,287	\$ 58,113,148
2002	721,684,940	2,061,956,971	15,677,480	62,709,920
2001	600,692,010	1,716,262,886	14,257,107	57,028,428
2000	574,339,500	1,640,970,000	12,405,084	49,620,336
1999	537,563,450	1,535,895,571	11,137,564	44,550,256
1998	484,772,540	1,385,064,400	10,924,107	43,696,428
1997	461,287,890	1,317,965,400	9,414,750	37,659,000
1996	438,004,180	1,251,440,514	8,627,941	34,511,764
1995	331,770,270	947,915,057	8,640,594	34,562,376
1994	313,156,710	894,733,457	8,009,699	32,038,796

Source: Ohio Department of Taxation form DTE-13.

(1) This amount is calculated based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at various percentages.
 Tangible personal property is assessed at 25 percent of actual value.

Note: Several of the assessed values of prior years have been corrected to agree with the ODT form DTE-13 used for the current year.

Public Utility		Total		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	%
\$ 13,829,790	\$ 39,513,686	\$ 830,797,067	\$ 2,390,309,662	35%
12,390,680	35,401,943	749,753,100	2,160,068,834	35%
15,641,510	44,690,029	630,590,627	1,817,981,342	35%
16,042,660	45,836,171	602,787,244	1,736,426,507	35%
16,646,850	47,562,429	565,347,864	1,628,008,256	35%
16,405,030	46,871,514	512,101,677	1,475,632,342	35%
15,703,320	44,866,629	486,405,960	1,400,491,029	35%
15,412,560	44,035,886	462,044,681	1,329,988,164	35%
15,411,920	44,034,057	355,822,784	1,026,511,490	35%
14,285,850	40,816,714	335,452,259	967,588,967	35%

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

VIOLET TOWNSHIP (36)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

Collection Year	Fairfield County	Violet Township	Eastland Joint Vocational School	Pickerington Local School District	Total
2003	7.05	13.65	2.00	70.10	92.80
2002	7.05	9.80	2.00	70.10	88.95
2001	7.05	9.80	2.00	70.30	89.15
2000	7.05	9.80	2.00	66.36	85.21
1999	7.05	10.05	2.00	66.36	85.46
1998	7.05	10.05	1.20	68.96	87.26
1997	7.05	10.05	1.20	65.00	83.30
1996	7.05	9.80	1.20	65.00	83.05
1995	7.05	7.20	1.20	66.76	82.21
1994	8.55	7.20	1.23	67.66	84.64

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

Fairfield County

Page S6, Violet Township
 Page S7, Liberty Township
 Page S8, Violet Township, City of Reynoldsburg
 Page S9, Violet Township, City of Pickerington
 Page S10, Violet Township, City of Columbus

Franklin County

Page S11, Madison Township
 Page S12, Madison Township, City of Pickerington
 Page S13, City of Columbus

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

LIBERTY TOWNSHIP (22)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

Collection Year	Fairfield County	Liberty Township	Eastland Joint Vocational School	Pickerington Local School District	Total
2003	7.05	7.57	2.00	70.10	86.72
2002	7.05	7.57	2.00	70.10	86.72
2001	7.05	7.57	2.00	70.30	86.92
2000	7.05	7.57	2.00	66.36	82.98
1999	7.05	7.57	2.00	66.36	82.98
1998	7.05	7.57	1.20	68.96	84.78
1997	7.05	7.57	1.20	65.00	80.82
1996	7.05	7.57	1.20	65.00	80.82
1995	7.05	7.57	1.20	66.76	82.58
1994	8.55	7.87	1.23	67.66	85.31

Source: Office of the Auditor, Fairfield County, Ohio

* This includes Liberty Basil Joint Fire District

Note: The Pickerington Local School District consists of eight taxing districts:

Fairfield County

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Franklin County

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

VIOLET TOWNSHIP - CITY OF REYNOLDSBURG (45)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

<u>Collection Year</u>	<u>Fairfield County</u>	<u>Violet Township</u>	<u>Eastland Joint Vocational School</u>	<u>Pickerington Local School District</u>	<u>City of Reynoldsburg</u>	<u>Total</u>
2003	7.05	12.15	2.00	70.10	0.70	92.00
2002	7.05	8.30	2.00	70.10	0.70	88.15
2001	7.05	8.30	2.00	70.30	0.76	88.41
2000	7.05	8.30	2.00	66.36	0.76	84.47
1999	7.05	8.55	2.00	66.36	0.77	84.73
1998	7.05	8.55	1.20	68.96	0.78	86.54
1997	7.05	8.55	1.20	65.00	0.79	82.59
1996	7.05	8.30	1.20	65.00	2.90	84.45
1995	7.05	5.70	1.20	66.76	2.91	83.62
1994	8.55	5.70	1.23	67.66	2.93	86.07

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

Fairfield County

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

VIOLET TOWNSHIP - CITY OF PICKERINGTON (41)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

<u>Collection Year</u>	<u>Fairfield County</u>	<u>Violet Township</u>	<u>Eastland Joint Vocational School</u>	<u>Pickerington Local School District</u>	<u>City of Pickerington</u>	<u>Total</u>
2003	7.05	12.15	2.00	70.10	7.80	99.10
2002	7.05	8.30	2.00	70.10	7.80	95.25
2001	7.05	8.30	2.00	70.30	7.80	95.45
2000	7.05	8.30	2.00	66.36	7.80	91.51
1999	7.05	8.55	2.00	66.36	7.80	91.76
1998	7.05	8.55	1.20	68.96	7.80	93.56
1997	7.05	8.55	1.20	65.00	7.80	89.60
1996	7.05	8.30	1.20	65.00	7.80	89.35
1995	7.05	5.70	1.20	66.76	7.80	88.51
1994	8.55	5.70	1.23	67.66	7.80	90.94

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

VIOLET TOWNSHIP - CITY OF COLUMBUS (58)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

<u>Collection Year</u>	<u>Fairfield County</u>	<u>Violet Township</u>	<u>Eastland Joint Vocational School</u>	<u>Pickerington Local School District</u>	<u>City of Columbus</u>	<u>Total</u>
2003	7.05	-	2.00	70.10	2.90	82.05
2002	7.05	-	2.00	70.10	2.90	82.05
2001	7.05	-	2.00	70.30	2.90	82.25
2000	7.05	8.30	2.00	66.36	2.30	86.01
1999	7.05	8.55	2.00	66.36	2.30	86.26
1998	7.05	8.55	1.20	68.96	2.30	88.06
1997	7.05	8.55	1.20	65.00	2.30	84.10
1996	7.05	8.30	1.20	65.00	2.30	83.85
1995	7.05	5.70	1.20	66.76	2.30	83.01
1994	8.55	-	1.23	67.66	2.90	80.34

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

Fairfield County

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

MADISON TOWNSHIP (183)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

Collection Year	Franklin County	Madison Township	Eastland Joint Vocational School	Pickerington Local School District	Total
2003	17.64	21.80	2.00	70.10	111.54
2002	17.64	21.80	2.00	70.10	111.54
2001	17.64	21.80	2.00	70.30	111.74
2000	17.64	21.80	2.00	66.36	107.80
1999	17.54	21.80	2.00	66.36	107.70
1998	15.22	21.80	1.20	68.96	107.18
1997	15.12	21.80	1.20	65.00	103.12
1996	14.57	21.80	1.20	65.00	102.57
1995	14.57	21.80	1.20	66.76	104.33
1994	14.57	21.80	1.23	67.66	105.26

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

Fairfield County

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

MADISON TOWNSHIP - CITY OF PICKERINGTON (187)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

<u>Collection Year</u>	<u>Franklin County</u>	<u>Madison Township</u>	<u>Eastland Joint Vocational School</u>	<u>Pickerington Local School District</u>	<u>City of Pickerington</u>	<u>Total</u>
2003	17.64	21.20	2.00	70.10	7.80	118.74
2002	17.64	21.20	2.00	70.10	7.80	118.74
2001	17.64	21.20	2.00	70.30	7.80	118.94
2000	17.64	21.20	2.00	66.36	7.80	115.00
1999	17.54	21.20	2.00	66.36	7.80	114.90
1998	15.22	21.20	1.20	68.96	7.80	114.38
1997	15.12	21.20	1.20	65.00	7.80	110.32
1996	14.82	21.20	1.20	65.00	7.80	110.02
1995	14.57	21.20	1.20	66.76	7.80	111.53
1994	14.57	21.20	1.23	67.66	7.80	112.46

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

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**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

CITY OF COLUMBUS (540)
(PER \$1,000 OF ASSESSED VALUE - MAX RATE NOT EFFECTIVE)

Collection Year	Franklin County	City of Columbus	Eastland Joint Vocational School	Pickerington Local School District	Total
2003	17.64	3.14	2.00	70.10	92.88
2002	17.64	3.14	2.00	70.10	92.88
2001	17.64	3.14	2.00	70.30	93.08
2000	17.64	3.14	2.00	66.36	89.14
1999	17.54	3.14	2.00	66.36	89.04
1998	15.22	3.14	1.20	68.96	88.52
1997	15.12	3.14	1.20	65.00	84.46
1996	14.82	3.14	1.20	65.00	84.16
1995	14.57	3.14	1.20	66.76	85.67
1994	14.57	3.14	1.23	67.66	86.60

Source: Office of the Auditor, Fairfield County, Ohio

Note: The Pickerington Local School District consists of eight taxing districts:

Fairfield County

Page S6, Violet Township
 Page S7, Liberty Township
 Page S8, Violet Township, City of Reynoldsburg
 Page S9, Violet Township, City of Pickerington
 Page S10, Violet Township, City of Columbus

Franklin County

Page S11, Madison Township
 Page S12, Madison Township, City of Pickerington
 Page S13, City of Columbus

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

PRINCIPAL PROPERTY TAXPAYERS
2003 TAX YEAR COLLECTION YEAR 2004

	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Real Estate		
ANYI Apartments LLC	7,568,750	0.91
NOCA Apartments One Limited	5,436,030	0.65
AERC Turnberry Inc.	4,025,000	0.48
Regency Centers LP	3,972,080	0.48
Diley Road Associates LLC	3,962,570	0.48
Lakes Edge Partnership	3,932,590	0.47
Brooksedge at Tussing Inc	3,465,000	0.42
Interstate Limited Partnership	3,360,790	0.40
Homewood Corporation	2,886,290	0.35
Public Utility		
South Central Power Company	4,103,430	0.49
Columbus Southern Power	2,689,330	0.32
Ohio Bell Telephone Co	2,283,000	0.27
Columbia Gas of Ohio	1,377,480	0.17
Columbia Gas Transmission Corp	1,120,380	0.13
Dominio Transmission Inc	341,210	0.04
New PAR	228,280	0.03
Verizon North Inc	242,070	0.03
United Telephone Company of Ohio	224,570	0.03
Tangible Personal Property		
Insight Cable Communications	1,016,050	0.12
Kroger Company	670,110	0.08
Barnes and Noble Booksellers Inc.	443,400	0.05
Bed, Bath and Beyond Inc.	429,870	0.05
Drug Emporium Inc.	366,280	0.04
Penn Traffic Company	363,190	0.04
Sears and Roebuck	335,140	0.04
Hook SuperX Inc.	261,580	0.03
Culligan Dealer Corp.	233,090	0.03
Woodward Excavating Company Inc.	232,560	0.03
All Others	<u>775,226,947</u>	<u>93.34</u>
Total Assessed Valuation as of 1st half of collection calendar 2004	<u><u>\$ 830,797,067</u></u>	<u><u>100.00</u></u>

Source: Office of the County Auditor, Fairfield and Franklin Counties, Ohio
(This is the most current information available)

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Assessed Valuation at of 1st half collection calendar 2004	\$ 830,797,067
Assessed Valuation adjusted for "Special Needs" district state (1)	1,746,922,889
<u>Voted Debt Margin</u>	
Bonded Debt Limit - 9% of Assessed Valuation as adjusted	157,223,060
Amount of Debt Applicable to Debt Limit (2)	117,974,220
Voted Debt Margin	39,248,840
<u>Unvoted Debt Margin</u>	
Bonded Debt Limit - .10% of Assessed Valuation	830,797
Amount of Debt Applicable to Debt Limit	-
Unvoted Debt Margin	830,797

(1) Section 133.06 of the Ohio Revised Code provides that the principal amount of both voted and unvoted general obligation debt of a school district, exclusive of exempt debt, may not exceed nine percent of the total value of all property in the school district as listed and assessed for taxation. The Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the occurrence of additional debt based upon projected 10-year growth of the school district's assessed valuation. Pickerington Local School District was determined to be a "special needs" district on March 28, 1989 and reconfirmed October 5, 2000.

(2) Outstanding debt provided in Note 10 of the Notes to the Financial Statements.

Source: Office of the County Auditor, Fairfield and Franklin Counties
School District Financial Records
Ohio Department of Education

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

<u>Tax Year</u>	<u>Estimated Population (1)</u>	<u>Assessed Value Real & Personal Property</u>	<u>General Bonded Debt (2)</u>	<u>Ratio Bonded Debt to Assessed Value (%)</u>	<u>Net Bonded Debt Per Capita</u>
2003	37,201	\$ 830,797,067	\$ 157,223,060	18.92%	4,226
2002	36,117	787,113,622	124,622,356	15.83%	3,450
2001	35,065	749,753,100	125,757,015	16.77%	3,586
2000	34,044	631,751,307	47,964,335	7.59%	1,409
1999	28,457	604,037,171	50,799,627	8.41%	1,785
1998	27,628	566,201,914	53,459,627	9.44%	1,935
1997	26,566	512,093,707	31,439,627	6.14%	1,183
1996	25,545	486,405,967	33,314,627	6.85%	1,304
1995	24,445	462,056,504	35,134,627	7.60%	1,437
1994	23,392	355,822,784	36,899,627	10.37%	1,577
1993	22,330	335,452,267	38,319,627	11.42%	1,716

Notes: (1) Population estimates for 1993 prepared by the Fairfield County Regional Planning Commission. Other estimates are based on a conservative 3% per year adjustment. Estimates for 2000 are based on OMAC estimates.

(2) General bonded debt prepared by the Treasurer, Pickerington Local School District.

Source: Office of the Treasurer, Pickerington Local School District

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**RATIO OF ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonded Debt Service			Total General Governmental Expenditures	Ratio of General Obligation Bonded Debt Service to Total General Governmental Expenditures
	Principal	Interest	Total		
2004	\$ 2,560,000	\$ 4,992,187	\$ 7,552,187	\$ 86,077,793	0.0877
2003	2,470,000	5,263,950	7,733,950	104,995,232	0.0737
2002	2,460,000	4,427,987	6,887,987	94,764,977	0.0727
2001	2,835,000	2,456,464	5,291,464	65,023,578	0.0814
2000	2,660,000	2,581,297	5,241,297	63,593,203	0.0824
1999	1,980,000	2,055,048	4,035,048	53,361,965	0.0756
1998	1,875,000	1,691,906	3,566,906	41,525,445	0.0859
1997	1,820,000	1,772,853	3,592,853	39,304,532	0.0914
1996	1,765,000	1,851,236	3,616,236	41,563,055	0.0870
1995	1,420,000	1,920,612	3,340,612	36,800,885	0.0908
1994	1,425,000	1,314,118	2,739,118	28,834,264	0.0950

Source: Office of the Treasurer, Pickerington Local School District

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004

Jurisdiction	General Obligation Debt	Amount Applicable to School District	Percent Applicable to School District
City of Columbus	\$ 768,935,000	\$ 7,151,096	0.93%
Fairfield County	17,923,000	5,663,668	31.60%
Franklin County	128,005,000	76,803	0.06%
City of Pickerington	8,308,000	8,293,876	99.83%
Pickerington Local School District	120,534,228	120,534,228	100.00%
City of Reynoldsburg	5,050,000	115,645	2.29%
Violet Township	<u>200,000</u>	<u>188,260</u>	94.13%
Total	<u>\$ 1,048,955,228</u>	<u>\$ 142,023,576</u>	13.54%

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

**DEMOGRAPHIC STATISTICS
ENROLLMENT DATA
LAST TEN YEARS**

<u>School Year</u>	<u>Enrollment K - 12</u>	<u>Enrollment Increase</u>	<u>Percent Increase</u>
2003-04	8,917	554	6.62%
2002-03	8,363	439	5.54%
2001-02	7,924	326	4.29%
2000-01	7,598	390	5.41%
1999-00	7,208	223	3.19%
1998-99	6,985	326	4.90%
1997-98	6,659	111	1.70%
1996-97	6,548	374	6.06%
1995-96	6,174	367	6.32%
1994-95	5,807	372	6.84%

Source: Office of the Treasurer, Pickerington Local School District

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

NEW CONSTRUCTION, BANK DEPOSITS, AND REAL PROPERTY VALUES
LAST TEN YEARS

Collection Year	New Construction (1)			Bank Deposits (2)	Real Property Values (1)		
	Agricultural/ Residential	Commercial/ Industrial	Total		Agricultural/ Residential	Commercial/ Industrial	Total
2003	\$ 21,452,140	\$ 10,416,040	31,868,180	\$ 291,269,000	\$ 638,568,850	\$ 120,270,160	\$ 758,839,010
2002	23,862,200	9,590,730	33,452,930	289,110,000	608,693,230	112,991,710	721,684,940
2001	17,383,430	4,911,230	22,294,660	209,089,000	516,106,820	85,727,270	601,834,090
2000	20,959,410	8,424,830	29,384,240	120,583,000	495,366,750	80,080,430	575,447,180
1999	16,107,730	3,926,520	20,034,250	71,837,695	468,340,490	70,033,190	538,373,680
1998	17,389,100	2,814,800	20,203,900	118,944,246	425,492,540	59,232,840	484,725,380
1997	19,921,110	1,913,400	21,834,510	103,412,650	405,558,390	55,816,590	461,374,980
1996	20,462,980	776,770	21,239,750	138,348,402	384,713,620	53,659,880	438,373,500
1995	16,162,740	503,120	16,665,860	147,690,629	287,975,500	43,794,770	331,770,270
1994	19,883,240	1,254,530	21,137,770	312,446,752	268,806,930	44,349,780	313,156,710

Sources: (1) Office of the County Auditor, Fairfield
(2) All bank branches located in the Pickerington Local School District (that reported information from FDIC)

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY, OHIO**

MISCELLANEOUS STATISTICS

Enrollment - Fiscal Year 2004	8,917
Staff - Fiscal Year 2003	
Certified	617
Support Service	247
Total Staff	864
Education and Experience of Teaching Staff - 2002-03 School Year	
Bachelor's Degree	27.30%
Master's Degree	72.70%
0 - 10 Years Experience	51.20%
11 - 20 Years Experience	26.00%
21 - 30 Years Experience	22.80%
Average Years Experience	12.70
Cost per pupil - Fiscal Year 2003-04 (the last year for which information is available)	
Pickerington Local School District	\$ 7,998
State of Ohio Average	\$ 8,768

Source: School District Records

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**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**PICKERINGTON LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2005**