

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

SINGLE AUDIT

June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Heath City School District
107 Lancaster Drive
Heath, Ohio 43056

We have reviewed the Independent Auditor's Report of the Heath City School District, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2002 through June 30, 2003. 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 Heath City School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 23, 2003

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**Heath City School District
Licking County**

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Heath City School District
Licking County

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Year ended June 30, 2003

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-cash Receipts	Cash Expenditures	Non-cash Disbursement
<u>U.S. Department of Agriculture</u>						
Passed through Ohio Department of Education						
Nutrition Cluster:						
National School Lunch Program	LL-P4-03 & 04	10.555	\$ 89,185	\$ -	\$ 89,185	\$ -
Food Distribution		10.550	<u>-</u>	<u>37,465</u>	<u>-</u>	<u>37,465</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>89,185</u>	<u>37,465</u>	<u>89,185</u>	<u>37,465</u>
<u>U.S. Department of Education</u>						
Passed through Ohio Department of Education						
Title I - Financial Assistance to Meet Special Needs of Disadvantaged Children						
	C1-S1-02 & 03	84.010	82,823	-	78,635	-
Title VI-B, Special Education: Assistance to States for Education for Handicapped Children						
	6B-SF-02 & 03	84.027	131,358	-	119,410	-
Vocational Education	DR-S1-03	84.048	-	-	185	-
Drug Free Schools Grant	DR-S1-03	84.186	10,610	-	14,364	-
Enhancing Education Through Technology Program	TJ-S1-03	84.318	1,974	-	1,974	-
Improving Teacher Quality	TR-S1-03	84.367	34,732	-	17,500	-
Eisenhower Professional Development State Grant	MS-S1-02	84.281	464	-	4,269	-
School Renovation Grant	AT-S2-03	84.352	8,963	-	8,963	-
Title VI - Innovation Strategies	C2-S1-02 & 03	84.298	<u>8,827</u>	<u>-</u>	<u>11,395</u>	<u>-</u>
Total U.S. Department of Education			<u>279,751</u>	<u>-</u>	<u>256,695</u>	<u>-</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 368,936</u>	<u>\$ 37,465</u>	<u>\$ 345,880</u>	<u>\$ 37,465</u>

The accompanying notes are an integral part of this schedule.

**Heath City School District
Licking County**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Year ended June 30, 2003

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

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

FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash received from the U.S. Department of Agriculture is commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.



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

Board of Education
Heath City School District
107 Lancaster Drive
Heath, Ohio 43056

We have audited the financial statements of Heath City School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 17, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters

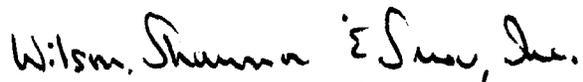
Wilson, Shannon & Snow, Inc.
CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-006. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 17, 2003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk the misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

Very truly yours,

A handwritten signature in black ink that reads "Wilson, Shanna E Snow, Inc." The signature is written in a cursive style.

November 17, 2003



**Report On Compliance With Requirements Applicable To Each Major Program And On
Internal Control Over Compliance In Accordance With OMB Circular A-133**

Board of Education
Heath City School District
107 Lancaster Drive
Heath, Ohio 43056

Compliance

We have audited the compliance of Heath City School District, Licking County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

Internal Control Over Compliance

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

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

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

We have audited the general-purpose financial statements of the District, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 17, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 17, 2003

**Heath City School District
Licking County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

June 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VIB – 84.027 Nutrition Cluster 10.555 & 10.550
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

Finding Number	2003-001
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Ohio Rev. Code 5705.36 states an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

The last amended certificate approved by the Budget Commission was on June 26, 2003, which totaled \$14,555,117. The estimated resources per the District's year-end cash report, the 4502 (accounting system), were \$12,796,559. The difference is \$1,758,558.

Finding Number	2003-002
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Ohio Rev. Code Section 5705.38 states a Board of Education shall pass its annual appropriation measure by the first day of October. If a school district's annual appropriation measure is delayed as permitted by law, the Board may pass a temporary measure for meeting the ordinary expense of the district until it passes an annual appropriation measure.

The Board did not pass a final appropriation measure until June 30, 2003. The appropriations per the year-end report, the 4502 (accounting system), totaled \$14,196,023. The final Board approved appropriation measure totaled \$14,034,311. The difference is \$161,712.

Finding Number	2003-003
-----------------------	-----------------

Ohio Rev. Code 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. Appropriations exceeded total estimated resources in one fund. We recommend the District monitor the estimated resources throughout the fiscal year and obtain an amended certificate of estimated resources when needed.

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
002	\$1,437,022	\$1,453,598	\$(16,577)

Finding Number	2003-004
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Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The District passed its temporary appropriation measure on June 10, 2002 in the amount of \$9,664,697. The final appropriation measure was not passed until June 30, 2003 in the amount of \$14,034,311. Total expenditures for the year amounted to \$16,510,460. As a result, the District was making expenditures during the fiscal year that were not appropriated.

In addition, at year end, actual expenditures exceeded approved appropriations in the following funds:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
401	\$ 7,462	\$ 7,188	\$ (275)
004	<u>3,787,673</u>	<u>3,654,577</u>	<u>(133,096)</u>
	<u>\$3,795,135</u>	<u>\$3,661,765</u>	<u>\$(133,370)</u>

Finding Number	2003-005
-----------------------	-----------------

Ohio Rev. Code Section 3315.171 and 3315.18 require two reserve accounts to be established by each school district. The capital and textbook reserve is required to be calculated and set-aside annually, if the set-aside is not spent in one year it is carried forward to the next year. The reserve must be represented in cash at year-end, and the amount of the required reserve may be reduced by resources received during the year whose use is restricted to the purpose of one of the reserves.

The District is required to prepare a schedule at the end of each year that shows the balance of the set-aside carried forward from the previous year, a calculation of the current year set-aside, qualifying expenditures, any reductions to the required amount from receipts similarly restricted. The year-end balance of the reserve must be submitted with the school district's annual report.

The treasurer did not calculate the set-asides for the fiscal year ended June 30, 2003 until November of 2003 which is five months after the required date.

In addition, since the set-asides were not calculated for 2002, a material noncompliance citation was issued, the beginning balances were also calculated in November of 2003.

Finding Number	2003-006
-----------------------	-----------------

A significant component of internal control is the monitoring and oversight function performed by the Board of Education. It is important that the Board takes an active role to insure the Treasurer of the District is keeping the District in compliance with material laws and regulations, such as budgetary compliance.

We recommend the Board of Education closely monitor the District's compliance with Ohio budgetary laws throughout the year

3. FINDINGS FOR FEDERAL AWARDS

None were noted

**Heath City School District
Licking County**

CORRECTIVE ACTION PLAN

June 30, 2003

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-001 & 2003-003	The Treasurer of the District will submit amended certificates of estimated resources as necessary to reflect sources of income that come available during the year.	This process will be implemented for fiscal year 2004	Brad Hall, Treasurer
2003-002 & 2003-004	The Treasurer of the District will submit the final appropriation measure to the Board of Education and obtain approval.	This process will be implemented for fiscal year 2004	Brad Hall, Treasurer
2003-005	The Treasurer of the District will establish capital and textbook reserve accounts required by ORC guidelines.	This process will be implemented for fiscal year 2004	Brad Hall, Treasurer
2003-006	The Board will institute procedures to monitor compliance with Ohio budgetary laws.	This process will be implemented for fiscal year 2004	Brad Hall, Treasurer

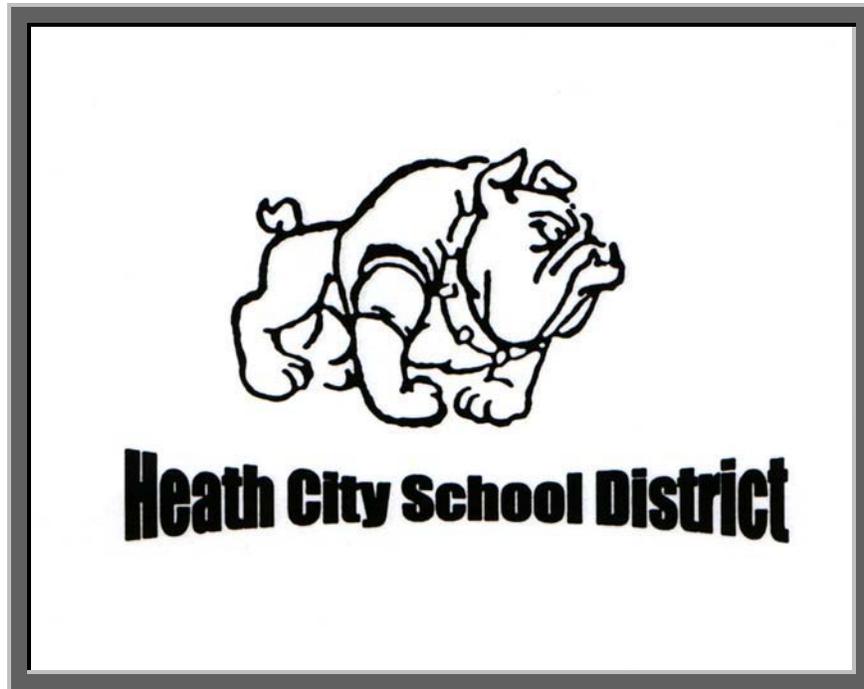
**Heath City School District
Licking County**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)**

June 30, 2003

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	5705.36- Amended certificate was not obtained to cover appropriations	No	Reissued as Finding 2003-001
2002-002	5705.38 – Annual Appropriation Measure was not passed by due date	No	Reissued as Finding 2003-002
2002-003	5705.39 – Appropriations exceeded estimated resources in several funds	No	Reissued as Finding 2003-003
2002-004	5705.41(B) – Expenditures were made that were not appropriated	No	Reissued as Finding 2003-004
2002-005	3315.171 & 3315.18 – Set-asides were not prepared by year-end	No	Reissued as Finding 2003-005
2002-006	Cash deficit predicted in year 2005 on 5 year forecast	Yes	The District corrected the finding by successfully passing a 5.6 mill operating levy on November 5, 2002.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Heath, Ohio

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

***HEATH CITY
SCHOOL DISTRICT***

LICKING COUNTY, OHIO

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

Prepared by:
Mr. Bradley T. Hall
Treasurer

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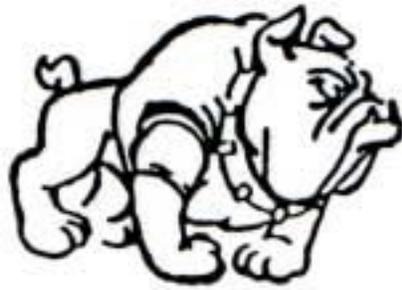
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INTRODUCTORY SECTION



Heath City School District

**Board of Education
Heath City Schools
Office of the Treasurer**



**107 Lancaster Drive
Heath, Ohio 43056
Phone: 740-522-1300
Fax: 740-522-4697**

December 1, 2003

Board of Education Members and Citizens of the Heath City School District:

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2003 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, an organization chart of the District, and a list of principal officials. The financial section includes the general purpose financial statements as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The District provides a full range of education programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

ECONOMIC CONDITIONS AND OUTLOOK

The District is located within the City of Heath in Licking County, which is situated in the east-central part of the state. Heath is a community of 8,500 people. It is located approximately 6 miles north of Interstate 70, 45 miles east of Columbus and is bounded on the north by Newark, the county seat of Licking County. State Routes 79 and 13 serve as the major transportation arteries.

Over the last twenty years, the City of Heath has become the center of commercial growth in Licking County.

Between 1985 and 2003, the number of Heath businesses has increased over 105%. Within the same time frame, residential growth increased by 30%. Cross Creek Shopping Center, the Indian Mound Mall and Southgate Shopping Center as well as large establishments such as Wal-Mart, Target and Best Buy draw shoppers from surrounding communities. Restaurant chains including Cici's, Pizza Hut, Donatos, Red Lobster, Applebee's, Ruby Tuesday's, Quiznos, Olive Garden, Bob Evans and Tumbleweed have located in the heart of the commercial development to meet the needs of those who have come to shop at the various retail stores. Although retail sales around the country were sluggish in the past year, Heath retailers have held their own. The conversion of the former Lowe's store to a Hobby Lobby has been completed, and the construction of a Gordon's Food Service was completed in 2003. Industrial employment is expected to remain relatively constant. The Heath-Newark-Licking County Port Authority acquired an additional two hundred and fifty acres of adjacent property for industrial development.

The District's tax base has shown growth in real estate values every year for the last 10 years. Overall, it is expected that continued growth in both the commercial and residential sectors will provide the community with a solid economic base.

MAJOR INITIATIVES

Current:

Each year, the District updates a five year continuous improvement plan developed by an administrative team consisting of the Superintendent, administrators, staff members, business members and the community. The team identifies and develops beliefs, a mission statement, objectives and strategies and then submits it to the Board for final approval before implementation.

During fiscal year 2003, the District focused on the continuing growth in student enrollment. The District's primary concerns dealt with improving test scores in the areas of Reading and Math. Several strategies were implemented with some showing sufficient gains and others not amounting to the effort that was involved. Another area of concern was to finalize all construction issues outstanding from the previous two years. Minor construction flaws were addressed along with changes in courses offered and traffic flow management. Along with these items, the City of Heath is currently upgrading their total infrastructure thus causing major issues with transportation.

Future:

During the 2003-2004 school year, the primary concentration will continue to focus on test scores. Also, with the newly implemented diagnostic testing program mandated by the state and the “NO CHILD LEFT BEHIND” Act, districts will focus much of their attention to meeting these standards.

In addition to all the changes taking place within the district, the Heath City School District will continue to evaluate all curriculum opportunities and build on raising the success rates of every student. The district will be implementing new foundation programs in cooperation with the Licking County Joint Vocational School. With the additions of new programs at the Middle School/High School levels, the elementary programs are too working with local corporations like Boeing in improving their Science abilities and utilizing some local knowledge. Curriculum plans for the future include:

- Continue implementation of Technology Plan and State Model Curriculum.
- Continue to investigate the option of all day Kindergarten.
- Offer various classes of summer remediation at no cost to students.
- Strive to reach the goal of 80% on proficiency tests.
- Review all curriculums and upgrade textbooks and materials.
- Continue on Textbook Selection and Course of Study Review Cycle.
- Increase opportunities of Post-secondary options.
- Implement district wide mapping of Proficiency outcomes.
- Continue to expand technical preparatory opportunities.
- Implement House Bill 264 Project for upgrading of boilers, lighting, and water conservation.

FINANCIAL INFORMATION

ACCOUNTING SYSTEM -- The District’s accounting system is organized on a fund basis. Each fund is a separate self-balancing accounting entity. All District funds, except proprietary funds, are accounted for using the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary Funds are accounted for on the full accrual basis of accounting. Both bases of accounting are in accordance with generally accepted accounting principles (GAAP) as applied to governmental units and consistent with GASB Cod. Sec. 1600; “Basis of Accounting.”

INTERNAL CONTROLS -- The Treasurer of the District is responsible for establishing an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Management Team is responsible for assisting with implementation of the established internal controls. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefit requires estimates and judgments by management.

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

1. A tax budget of estimated cash receipts and disbursements is submitted to the county auditor as secretary of the county budget commission by January 20 of each year for the fiscal year commencing the following July 1. The District's Board of Education (the Board) adopts the tax budget at its January Organizational Meeting.
2. The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.
3. An annual appropriations measure is passed upon receipt of the County Auditor's final tax revenue estimates, October or November of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopts temporary appropriations at its June Board meeting to cover expenditures until the adoption of the permanent appropriations. The appropriations measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments are given building budgeting funds for instructional supplies, custodial supplies, meeting & mileage expenses and equipment. Buildings and/or departments may move funds within their budgets with approval of the Superintendent and Treasurer. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.

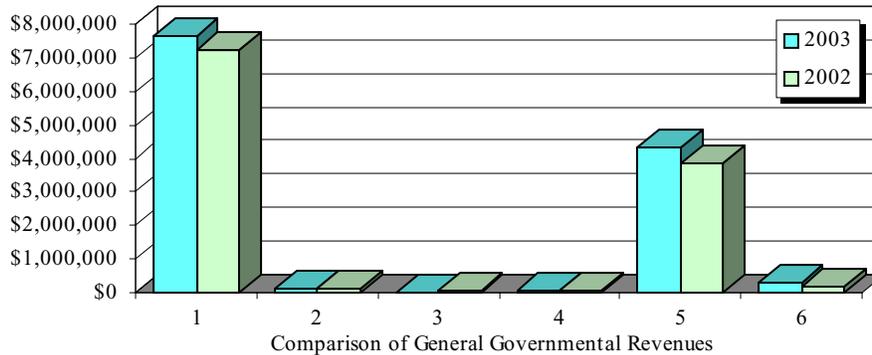
Additionally, the District maintains an encumbrance accounting system as a useful technique of accomplishing budgetary control. Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation.

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FINANCIAL HIGHLIGHTS -- As illustrated by the statements and schedules included in the financial section of this report, the District meets its responsibility for sound financial management.

General Governmental -- The following schedule is a summary of general governmental revenues (general fund, special revenue funds, and debt service fund) for the fiscal year ended June 30, 2003 and the percentage increase/(decrease) over revenues for fiscal year 2002:

Revenues		2003 Amount	Percent of Total	2002 Amount	Percentage Increase (Decrease)
1	Taxes	\$7,659,918	61.29%	\$7,217,229	6.13%
2	Tuition and Fees	111,934	0.90%	113,533	(1.41%)
3	Investment Earnings	15,183	0.12%	30,011	(49.41%)
4	Extracurricular Activities	62,599	0.50%	58,882	6.31%
5	Intergovernmental Revenues	4,330,570	34.65%	3,874,413	11.77%
6	All Other	318,127	2.54%	164,118	93.84%
Total		<u>\$12,498,331</u>	<u>100.00%</u>	<u>\$11,458,186</u>	



Tax revenues, the District's major source of revenue, account for approximately 62% of total general governmental revenues. The increase in taxes from fiscal year 2002 is the result of an increase in assessed property values.

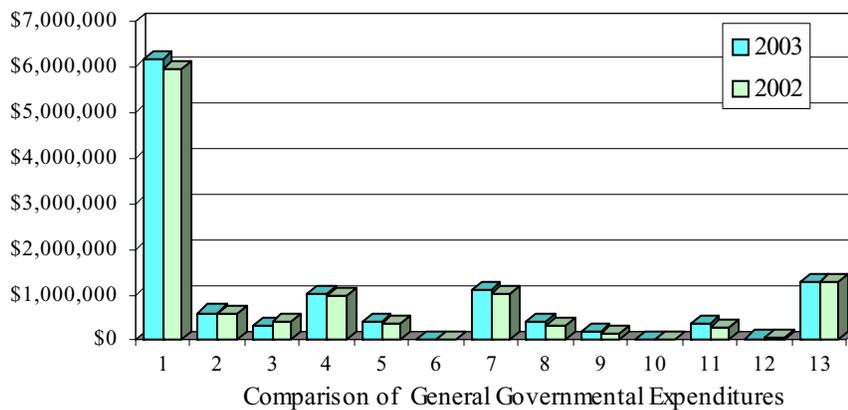
Investment earnings decreased because less District funds, due to significant construction projects, were available for investment and interest rates declined during the past year.

The major source of intergovernmental revenues is the State's "Foundation Program". This program allocates state dollars to the Ohio districts based upon a basic aid formula which takes into account factors such as: (1) local ability to pay for education (tax base); (2) enrollment; (3) a per pupil allocation; and (4) allocations for various categorical programs such as special education, transportation, etc. The Supreme Court has ruled that the way the State currently funds schools in Ohio is unconstitutional. Footnote 18 provides a more comprehensive discussion of the school funding issue. The Foundation revenue increased by over \$200,000 in 2003. The remaining increase in intergovernmental revenues consisted of new federal programs to hire additional teachers and increased funding of existing federal programs.

The increase in all other revenue is due to contributions of over \$70,000 from the Athletic Booster Association and other private grants for the biology department.

The following schedule is a summary of general governmental expenditures (general fund, special revenue funds, and debt service fund) for the fiscal year ended June 30, 2003 and the percentage increase/(decrease) over expenditures for fiscal year 2002:

Expenditures	2003 Amount	Percent of Total	2002 Amount	Percentage Increase (Decrease)
1 Instructional Services	\$6,164,762	51.54%	\$5,952,355	3.57%
2 Pupils	606,857	5.07%	570,355	6.40%
3 Instructional Staff	320,171	2.67%	421,002	(23.95%)
4 Board of Education / Administration	1,019,189	8.52%	977,438	4.27%
5 Fiscal Services	402,059	3.36%	382,730	5.05%
6 Business	29,763	0.25%	17,890	66.37%
7 Operation and Maintenance of Plant	1,111,487	9.29%	1,008,194	10.25%
8 Pupil Transportation Services	430,318	3.60%	314,004	37.04%
9 Central	190,127	1.59%	162,022	17.35%
10 Community Services	7,109	0.06%	1,326	436.12%
11 Extracurricular Activities	369,323	3.09%	291,521	26.69%
12 Other Expenditures	39,287	0.33%	67,104	(41.45%)
13 Debt Services	1,271,098	10.63%	1,264,492	0.52%
Total	<u>\$11,961,550</u>	<u>100.00%</u>	<u>\$11,430,433</u>	



The largest expenditures in the general governmental function are in the instruction/support services areas, which deal directly with teaching pupils and supporting services that supplement the teaching process. Salaries of teachers, counselors, and classroom aides, as well as the cost of textbooks and instructional materials are examples of expenditures in these functional areas. The overall increase of 4.6% in expenditures was a result of routine increases in salaries and wages of personnel.

The decrease in instructional staff expenditures was due to expenditures for teacher's aides in 2002, which were replaced by expenditures for a teacher (instructional services) in 2003.

The purchase of several new computers for administrative purposes in 2003 resulted in an increase in business expenditures.

Upgrades in the electrical system and a new phone system resulted in an increase in the utility portion of operation and maintenance of plant expenditures.

Transportation expenditures increased for several reasons, including higher gasoline prices, the doubling of insurance costs and the purchase of a new handicapped school bus.

The increase of central expenditures was due to several factors including an increase in data processing fees and an increase in liability insurance costs.

Extracurricular expenditures increased in 2003 because additional funds were available for the purchase of football, basketball and baseball equipment.

Enterprise Operations: -- The District's enterprise operations are comprised of Food Service and Uniform School Supply. On a combined basis for fiscal year 2003, the Enterprise Funds generated revenues of \$340,154 and expenses of \$493,204.

Internal Service Funds: -- The Internal Service Funds account for the financing of goods or services provided by one department of the District to other departments. The Internal Service funds operated by the District were the Rotary Fund and the Employee Benefits Self-Insurance Fund.

Fiduciary Funds: -- Fiduciary funds account for assets held by the District in a trustee capacity, or an agent for individuals, other District organizations, or other funds. The District maintains one expendable trust fund and one agency fund.

DEBT ADMINISTRATION -- The debt service fund accumulates resources for the payment of principal, interest and associated administrative costs on the District's general long-term debt. Resources are derived from property taxes (real and personal).

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the District's debt position.

The District's debt position as of June 30, 2003 was as follows:

Overall Legal Debt Margin	\$4,110,095
Unvoted Legal Debt Margin	240,888
Net General Obligation Bonded Debt Payable from Property Taxes	17,169,839
Percentage of Assessed Value	7.13
General Bonded Debt per Capita	\$2,013.58

A more thorough presentation of the calculation of these figures is located in the statistical section of the enclosed report.

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

Investments are made with the primary objectives of:

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

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

RISK MANAGEMENT – The District is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The District is also covered under the State Workers' Compensation Fund. The District makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area. Detailed information regarding the risk management activities of the District can be found in footnote 14 of the general purpose financial statements included within the financial section of this report.

OTHER INFORMATION

INDEPENDENT AUDIT – This report includes an unqualified audit report regarding the District's financial statements. The audit was conducted by Wilson, Shannon & Snow, Inc. The Independent Auditor's Report on the general purpose financial statements is included in the financial section of this report.

AWARDS – The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2002. We believe this, our fourth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

ACKNOWLEDGMENTS – The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution made by each staff member in the preparation of this report.

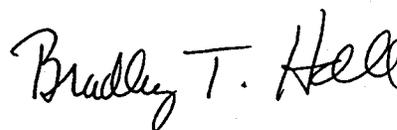
In closing, without the patience and support of the Treasurer's Office Staff and the Board of Education, preparation of this report would not have been possible.

Respectfully submitted,

Jay Gault
Superintendent



Bradley T. Hall
Treasurer



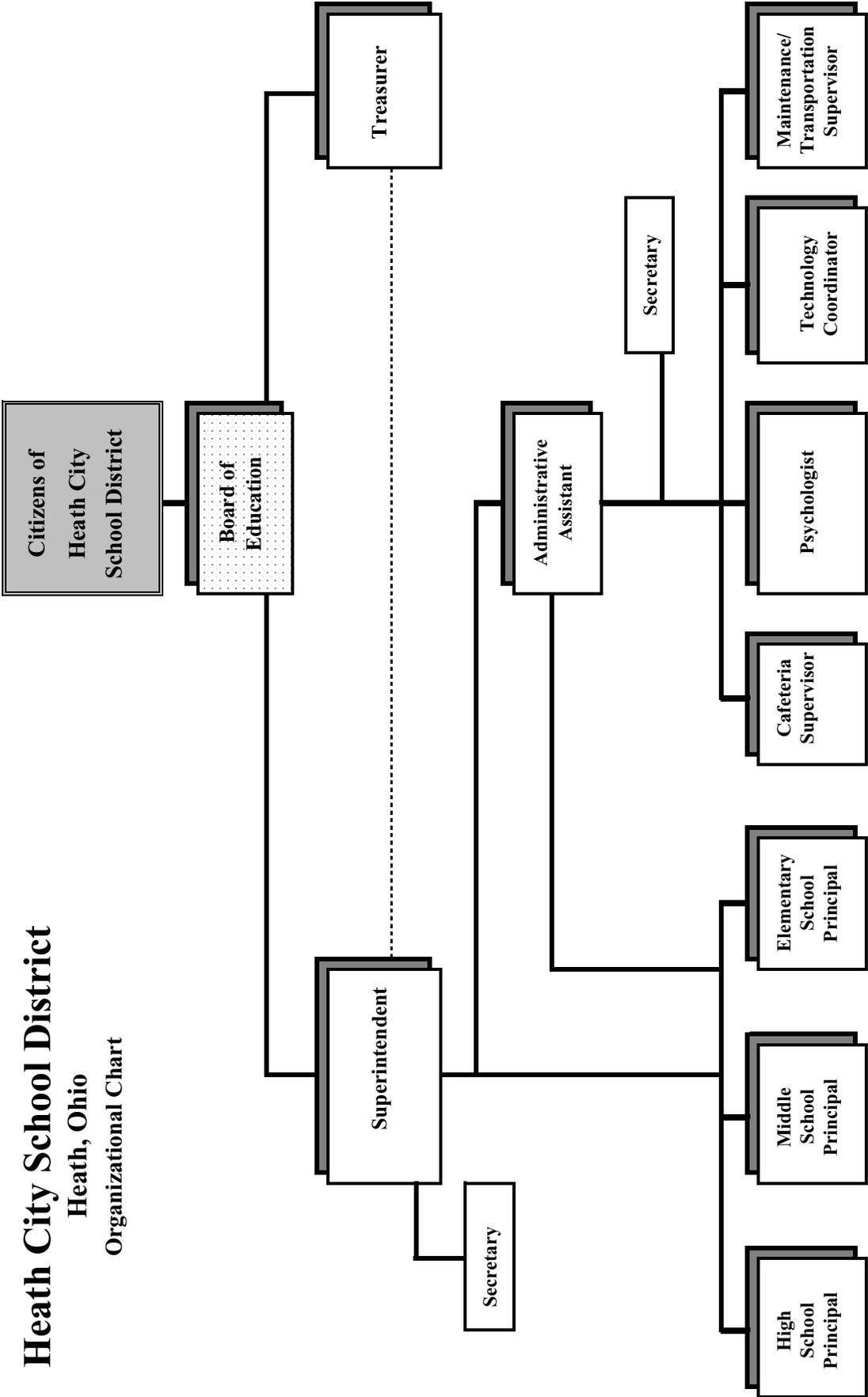
HEATH CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS
SHOWING YEARS OF SERVICE
JUNE 30, 2003

<u>NAME</u>	<u>TITLE</u>	<u>YEARS OF SERVICE</u>	
		<u>Position</u>	<u>Total</u>
<u>Board of Education</u>			
Mr. James Roberts	President	6	
Mr. James Bowers	Vice President	6	
Dr. Michael Gentry	Member	6	
Mr. Steven Carson	Member	4	
Mr. Gary Wimer	Member	2	
<u>Administration</u>			
Mr. Jay M. Gault	Superintendent	3	19
Mr. Bradley T. Hall	Treasurer	8.5	22
Mr. Thomas Forman	Administrative Assistant	4	26

Heath City School District

Heath, Ohio

Organizational Chart



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Heath City School
District, Ohio

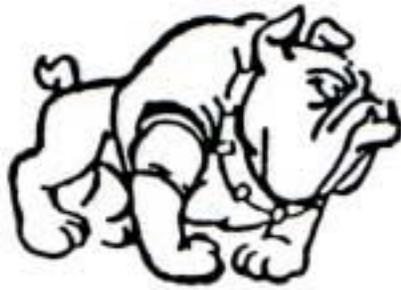
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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.



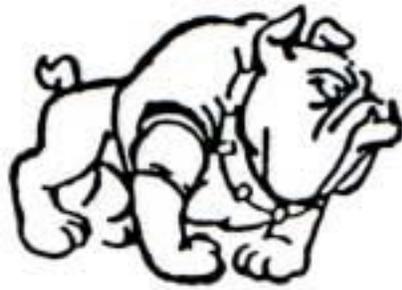
William Robert Voth
President

Jeffrey R. Emer
Executive Director



Heath City School District

FINANCIAL SECTION



Heath City School District



Board of Education
Heath City School District
107 Lancaster Drive
Heath, Ohio 43056

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Heath City School District, Licking County, Ohio as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the school district's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Heath City School District, Licking County, Ohio as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2003 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the school district, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical section of this report and therefore express no opinion thereon.

Wilson, Shuman & Snow, Inc.

November 17, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AT JUNE 30, 2003 THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.

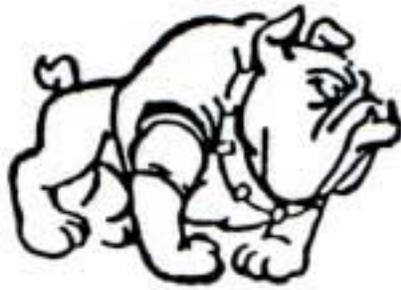
HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$459,785	\$172,268	\$22,679	\$46,935
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	7,373,035	0	1,312,969	228,578
Due from Other Funds	0	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	26,070	0	0	0
Advances to Other Funds	37,500	0	0	0
Restricted Cash and Cash Equivalents	117,700	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$8,014,090</u>	<u>\$172,268</u>	<u>\$1,335,648</u>	<u>\$275,513</u>
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$40,883	\$5,774	\$0	\$2,219
Accrued Wages and Benefits	765,220	16,933	0	0
Due to Other Funds	11,400	0	0	0
Intergovernmental Payable	231,100	118	0	0
Due to Students	0	0	0	0
Deferred Revenue - Taxes	6,530,172	0	1,198,569	205,778
Advances from Other Funds	0	0	37,500	0
General Obligation Bonds Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Long-Term Notes Payable	0	0	0	0
Total Liabilities	<u>7,578,775</u>	<u>22,825</u>	<u>1,236,069</u>	<u>207,997</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings - Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	82,174	14,383	0	12,561
Reserved for Property Taxes	608,100	0	102,100	19,800
Statutory Reserves	117,700	0	0	0
Reserved for Advance to Other Funds	37,500	0	0	0
Reserved for Prepaid Items	26,070	0	0	0
Reserved for Debt Service	0	0	34,979	0
Unreserved:				
Undesignated	(436,229)	135,060	(37,500)	35,155
Total Equity and Other Credits	<u>435,315</u>	<u>149,443</u>	<u>99,579</u>	<u>67,516</u>
Total Liabilities, Equity and Other Credits	<u>\$8,014,090</u>	<u>\$172,268</u>	<u>\$1,335,648</u>	<u>\$275,513</u>

The notes to the general purpose financial statements are an integral part of this statement.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

<i>Proprietary</i>		<i>Fiduciary</i>	<i>Account</i>		Totals (Memorandum Only)
<i>Fund Types</i>		<i>Fund Types</i>	<i>Groups</i>		
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$92,320	\$21,520	\$68,426	\$0	\$0	\$883,933
0	0	3,300	0	0	3,300
0	0	0	0	0	8,914,582
11,400	0	0	0	0	11,400
10,548	0	0	0	0	10,548
0	0	0	0	0	26,070
0	0	0	0	0	37,500
0	0	0	0	0	117,700
183,562	0	0	26,706,391	0	26,889,953
0	0	0	0	34,979	34,979
0	0	0	0	18,786,849	18,786,849
<u>\$297,830</u>	<u>\$21,520</u>	<u>\$71,726</u>	<u>\$26,706,391</u>	<u>\$18,821,828</u>	<u>\$55,716,814</u>
\$144	\$0	\$45	\$0	\$0	\$49,065
18,006	0	0	0	0	800,159
0	0	0	0	0	11,400
24,121	0	0	0	61,960	317,299
0	0	34,486	0	0	34,486
0	0	0	0	0	7,934,519
0	0	0	0	0	37,500
0	0	0	0	17,204,818	17,204,818
0	0	0	0	101,022	101,022
2,835	0	0	0	824,028	826,863
0	0	0	0	630,000	630,000
<u>45,106</u>	<u>0</u>	<u>34,531</u>	<u>0</u>	<u>18,821,828</u>	<u>27,947,131</u>
0	0	0	26,706,391	0	26,706,391
35,407	0	0	0	0	35,407
217,317	21,520	0	0	0	238,837
0	0	0	0	0	109,118
0	0	0	0	0	730,000
0	0	0	0	0	117,700
0	0	0	0	0	37,500
0	0	0	0	0	26,070
0	0	0	0	0	34,979
0	0	37,195	0	0	(266,319)
<u>252,724</u>	<u>21,520</u>	<u>37,195</u>	<u>26,706,391</u>	<u>0</u>	<u>27,769,683</u>
<u>\$297,830</u>	<u>\$21,520</u>	<u>\$71,726</u>	<u>\$26,706,391</u>	<u>\$18,821,828</u>	<u>\$55,716,814</u>



Heath City School District

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$6,382,461	\$0	\$1,277,457	\$89,740	\$0	\$7,749,658
Tuition	111,934	0	0	0	0	111,934
Investment Earnings	14,878	305	0	23,070	87	38,340
Extracurricular Activities	0	62,599	0	0	0	62,599
Intergovernmental - State	3,914,076	16,944	131,371	44,875	0	4,107,266
Intergovernmental - Federal	0	268,179	0	0	0	268,179
All Other Revenues	139,748	178,379	0	170	58,647	376,944
Total Revenues	10,563,097	526,406	1,408,828	157,855	58,734	12,714,920
Expenditures:						
Current:						
Instructional Services	5,955,215	209,547	0	196,987	550	6,362,299
Supporting Services:						
Pupils	539,951	66,906	0	0	0	606,857
Instructional Staff	256,878	63,293	0	0	0	320,171
Board of Education	12,805	0	0	5,390	0	18,195
Administration	1,006,384	0	0	2,798	0	1,009,182
Fiscal Services	367,655	16,160	18,244	3,688	0	405,747
Business	19,743	10,020	0	0	0	29,763
Operation and Maintenance of Plant	1,111,487	0	0	429,341	0	1,540,828
Pupil Transportation	425,318	5,000	0	0	0	430,318
Central	175,310	14,817	0	33,476	26,195	249,798
Community Services	0	7,109	0	0	0	7,109
Extracurricular Activities	230,602	138,721	0	1,799	0	371,122
Other Expenditures	2,481	0	0	0	0	2,481
Capital Outlay	36,806	0	0	2,060,146	0	2,096,952
Debt Service:						
Principal Retirements	0	0	325,000	0	0	325,000
Interest and Fiscal Charges	0	0	946,098	0	0	946,098
Total Expenditures	10,140,635	531,573	1,289,342	2,733,625	26,745	14,721,920
Excess (Deficiency) of Revenues Over (Under) Expenditures	422,462	(5,167)	119,486	(2,575,770)	31,989	(2,007,000)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	6,846	0	0	0	0	6,846
Other Financing Sources-Capital Lease	36,540	0	0	0	0	36,540
Operating Transfers In	37,500	0	0	0	0	37,500
Operating Transfers Out	0	0	0	(37,500)	0	(37,500)
Total Other Financing Sources (Uses)	80,886	0	0	(37,500)	0	43,386
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	503,348	(5,167)	119,486	(2,613,270)	31,989	(1,963,614)
Fund Balance (Deficit) Beginning of Year	(68,033)	154,610	(19,907)	2,680,786	5,206	2,752,662
Fund Balance End of Year	\$435,315	\$149,443	\$99,579	\$67,516	\$37,195	\$789,048

The notes to the general purpose financial statements are an integral part of this statement.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2003

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$5,957,380	\$5,957,398	\$18	\$0	\$0	\$0
Tuition	111,934	111,934	0	0	0	0
Investment Earnings	15,378	15,378	0	177	305	128
Extracurricular Activities	0	0	0	62,599	62,599	0
Intergovernmental - State	3,861,076	3,861,076	0	16,945	16,944	(1)
Intergovernmental - Federal	0	0	0	280,601	280,601	0
All Other Revenues	125,592	139,748	14,156	168,680	178,379	9,699
Total Revenues	<u>10,071,360</u>	<u>10,085,534</u>	<u>14,174</u>	<u>529,002</u>	<u>538,828</u>	<u>9,826</u>
Expenditures:						
Current:						
Instructional Services	5,969,617	5,896,311	73,306	227,250	203,656	23,594
Supporting Services:						
Pupils	540,996	537,457	3,539	91,437	76,434	15,003
Instructional Staff	264,514	264,268	246	81,443	63,168	18,275
Board of Education	14,481	14,238	243	0	0	0
Administration	1,009,335	1,004,496	4,839	95	95	0
Fiscal Services	374,921	368,389	6,532	16,160	16,160	0
Business	23,660	21,241	2,419	10,127	10,020	107
Operation and Maintenance of Plant	1,235,505	1,170,742	64,763	0	0	0
Pupil Transportation	391,410	381,180	10,230	5,000	5,000	0
Central	193,519	191,557	1,962	15,596	14,817	779
Community Services	0	0	0	6,996	7,271	(275)
Extracurricular Activities	201,448	197,183	4,265	143,820	140,946	2,874
Other Expenditures	2,465	2,464	1	0	0	0
Capital Outlay	43,548	36,806	6,742	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>10,265,419</u>	<u>10,086,332</u>	<u>179,087</u>	<u>597,924</u>	<u>537,567</u>	<u>60,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(194,059)	(798)	193,261	(68,922)	1,261	70,183
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	6,846	6,846	0	0	0
Advances In	0	4,325	4,325	0	0	0
Advances Out	0	0	0	(4,325)	(4,325)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>11,171</u>	<u>11,171</u>	<u>(4,325)</u>	<u>(4,325)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(194,059)	10,373	204,432	(73,247)	(3,064)	70,183
Fund Balance at Beginning of Year	313,872	313,872	0	146,034	146,034	0
Prior Year Encumbrances	166,092	166,092	0	11,300	11,300	0
Fund Balance at End of Year	<u>\$285,905</u>	<u>\$490,337</u>	<u>\$204,432</u>	<u>\$84,087</u>	<u>\$154,270</u>	<u>\$70,183</u>

The notes to the general purpose financial statements are an integral part of this statement.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2003

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,235,657	\$1,235,657	\$0	\$81,540	\$81,540	\$0	\$7,274,577	\$7,274,595	\$18
0	0	0	0	0	0	111,934	111,934	0
0	0	0	48,665	48,665	0	64,220	64,348	128
0	0	0	0	0	0	62,599	62,599	0
131,371	131,371	0	44,875	44,875	0	4,054,267	4,054,266	(1)
0	0	0	0	0	0	280,601	280,601	0
0	0	0	170	170	0	294,442	318,297	23,855
1,367,028	1,367,028	0	175,250	175,250	0	12,142,640	12,166,640	24,000
0	0	0	235,905	209,416	26,489	6,432,772	6,309,383	123,389
0	0	0	0	0	0	632,433	613,891	18,542
0	0	0	0	0	0	345,957	327,436	18,521
0	0	0	5,390	5,390	0	19,871	19,628	243
0	0	0	2,798	2,798	0	1,012,228	1,007,389	4,839
20,000	18,244	1,756	4,000	3,688	312	415,081	406,481	8,600
0	0	0	0	0	0	33,787	31,261	2,526
0	0	0	438,820	435,820	3,000	1,674,325	1,606,562	67,763
0	0	0	0	0	0	396,410	386,180	10,230
0	0	0	33,476	33,476	0	242,591	239,850	2,741
0	0	0	0	0	0	6,996	7,271	(275)
0	0	0	1,799	1,799	0	347,067	339,928	7,139
0	0	0	0	0	0	2,465	2,464	1
0	0	0	3,176,596	3,309,692	(133,096)	3,220,144	3,346,498	(126,354)
325,000	325,000	0	0	0	0	325,000	325,000	0
946,098	946,098	0	0	0	0	946,098	946,098	0
1,291,098	1,289,342	1,756	3,898,784	4,002,079	(103,295)	16,053,225	15,915,320	137,905
75,930	77,686	1,756	(3,723,534)	(3,826,829)	(103,295)	(3,910,585)	(3,748,680)	161,905
0	0	0	0	0	0	0	6,846	6,846
0	0	0	125,000	125,000	0	125,000	129,325	4,325
(162,500)	(125,000)	37,500	0	0	0	(166,825)	(129,325)	37,500
(162,500)	(125,000)	37,500	125,000	125,000	0	(41,825)	6,846	48,671
(86,570)	(47,314)	39,256	(3,598,534)	(3,701,829)	(103,295)	(3,952,410)	(3,741,834)	210,576
69,993	69,993	0	1,120,100	1,120,100	0	1,649,999	1,649,999	0
0	0	0	2,614,016	2,614,016	0	2,791,408	2,791,408	0
(\$16,577)	\$22,679	\$39,256	\$135,582	\$32,287	(\$103,295)	\$488,997	\$699,573	\$210,576

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Tuition and Fees	\$78,951	\$5,444	\$84,395
Sales	261,203	0	261,203
Interfund Charges	0	332	332
Total Operating Revenues	<u>340,154</u>	<u>5,776</u>	<u>345,930</u>
<u>Operating Expenses:</u>			
Salaries and Wages	141,620	0	141,620
Fringe Benefits	80,354	3,296	83,650
Contractual Services	836	0	836
Materials and Supplies	256,353	4,580	260,933
Depreciation	13,395	0	13,395
Other Operating Expenses	646	1,159	1,805
Total Operating Expenses	<u>493,204</u>	<u>9,035</u>	<u>502,239</u>
Operating Loss	(153,050)	(3,259)	(156,309)
<u>Non-Operating Revenues:</u>			
Operating Grants	92,625	0	92,625
Federally Donated Commodities	37,465	0	37,465
Capital Contributions	116,875	0	116,875
Investment Earnings	500	178	678
Miscellaneous	11,014	0	11,014
Total Non-Operating Revenues	<u>258,479</u>	<u>178</u>	<u>258,657</u>
Net Income (Loss)	105,429	(3,081)	102,348
Retained Earnings at Beginning of Year	<u>111,888</u>	<u>24,601</u>	<u>136,489</u>
Retained Earnings at End of Year	<u>\$217,317</u>	<u>\$21,520</u>	<u>\$238,837</u>

The notes to the general purpose financial statements are an integral part of this statement.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$272,217	\$0	\$272,217
Cash Received from Tuition and Fee Payments	78,951	5,444	84,395
Cash Received from Interfund Charges	0	332	332
Cash Payments for Goods and Services	(227,374)	(5,814)	(233,188)
Cash Payments to Employees for Services and Benefits	(219,657)	(3,296)	(222,953)
Net Cash Used by Operating Activities	(95,863)	(3,334)	(99,197)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	92,625	0	92,625
Net Cash Provided by Noncapital Financing Activities	92,625	0	92,625
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	178	178
Net Cash Provided by Investing Activities	0	178	178
Net Decrease in Cash and Cash Equivalents	(3,238)	(3,156)	(6,394)
Cash and Cash Equivalents at Beginning of Year	95,558	24,676	120,234
Cash and Cash Equivalents at End of Year	\$92,320	\$21,520	\$113,840
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</u>			
Operating Loss	(\$153,050)	(\$3,259)	(\$156,309)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Miscellaneous Non-Operating Income	11,014	0	11,014
Depreciation Expense	13,395	0	13,395
Donated Commodities Used During the Year	37,465	0	37,465
Changes in Assets and Liabilities:			
Increase in Inventory	(4,678)	0	(4,678)
Increase (Decrease) in Accounts Payable	144	(75)	69
Increase in Accrued Wages and Benefits	35	0	35
Increase in Intergovernmental Payables	3,021	0	3,021
Decrease in Deferred Revenue	(2,470)	0	(2,470)
Decrease in Compensated Absences	(739)	0	(739)
Total Adjustments	57,187	(75)	57,112
Net Cash Used by Operating Activities	(\$95,863)	(\$3,334)	(\$99,197)

Schedule of Noncash Investing, Capital and Financing Activities:

During fiscal year 2003, the Food Service Fund received \$37,465 in donated commodities from the federal government.

During fiscal year 2003, the Food Service Fund received \$116,875 of capital assets from other funds.

The notes to the general purpose financial statements are an integral part of this statement.

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Heath City School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 58 noncertified and approximately 112 certified teaching personnel and administrative employees providing education to 1,681 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the District's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Licking Area Computer Association (LACA), a jointly governed organization which provides computer services to school districts. The Licking County Joint Vocational School acts as fiscal agent for LACA. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types and account groups are used by the District:

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

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

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund and an agency fund. The expendable trust fund is accounted for and reported similarly to a governmental fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Account Groups - To make a clear distinction between fixed assets related to specific funds and that of general government and between long-term liabilities related to specific funds and that of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes available for advance, tuition, grants and entitlements, student fees and interest on investments.

Current property taxes measurable at June 30, 2003, and which are not intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2003 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2003.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The treasurer may allocate appropriations among departments within a fund. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$503,348	(\$5,167)	\$119,486	(\$2,613,270)
Increase (Decrease):				
Accrued Revenues at June 30, 2003, received during FY 2004	(880,363)	0	(114,400)	(22,800)
Accrued Revenues at June 30, 2002, received during FY 2003	422,125	12,422	72,600	182,631
Accrued Expenditures at June 30, 2003, paid during FY 2004	1,048,603	22,825	37,500	2,219
Accrued Expenditures at June 30, 2002, paid during FY 2003	(975,136)	(15,146)	(162,500)	(1,256,025)
FY 2002 Prepays for FY 2003	5,014	0	0	0
FY 2003 Prepays for FY 2004	(26,070)	0	0	0
Adjustment to Fair Value	0	0	0	20,064
Encumbrances Outstanding	(87,148)	(17,998)	0	(14,648)
Budget Basis	<u>\$10,373</u>	<u>(\$3,064)</u>	<u>(\$47,314)</u>	<u>(\$3,701,829)</u>

E. Cash and Cash Equivalents

During fiscal year 2003, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost.

The District has invested funds in the STAR Ohio during 2003. 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, 2003. See Note 3, "Cash, Cash Equivalents and Investments."

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, if material, and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

General fixed asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost for assets not purchased in recent years), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Machinery, Equipment, Furniture and Fixtures	5-20

I. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds Payable	General Obligation Bond Retirement Fund
Long-Term Notes Payable	General Obligation Bond Retirement Fund
Compensated Absences	General Fund, Food Service Fund
Capital Leases Payable	General Fund
Intergovernmental Payable	General Fund
Early Retirement Incentive Payable	General Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 245 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 56.75 days for certified employees or 61 days for noncertified employees, plus one day for each year of service over ten years. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Operating Transfers In” by the recipient fund, and “Operating Transfers Out” by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Reservations of Fund Balance

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

N. Restricted Assets

Restricted assets represent cash and cash equivalents set aside to establish reserves for textbooks, capital acquisition, and budget stabilization.

O. Estimates

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

P. Total Columns on Combined Financial Statements - Overview

Total columns on the “Combined Financial Statements - Overview” are captioned “Memorandum Only” to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equities

The fund deficit at June 30, 2003 of \$2,818 in the Title I Fund (special revenue) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting.

B. Excess Expenditures over Appropriations

For the year ended June 30, 2003, expenditures exceeded appropriations at the fund level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>
Special Revenue Fund:	
Auxiliary Services Fund	\$ 275
Capital Projects Fund:	
Building Fund	133,096

C. Excess Appropriations over Estimated Revenues

Ohio Revised Code requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following funds:

<u>Fund</u>	<u>Excess</u>
Debt Service Fund:	
General Obligation Bond Retirement Fund	\$ 16,577

Under the cash basis of accounting, expenditures did not exceed revenues.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
- Under limited circumstances, corporate debt interest rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3. The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District's deposits was \$95,512 and the bank balance was \$322,252. Federal Deposit Insurance Corporation (FDIC) insured \$103,600 of the bank balance; the remaining deposits are classified as Category 3.

B. Investments

The District's investments at June 30, 2003 were as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Categorized Investments			
Repurchase Agreements	\$0	\$64	\$64
Noncategorized Investments			
STAR Ohio	N/A	N/A	909,357
Total Investments	<u>\$0</u>	<u>\$64</u>	<u>\$909,421</u>

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$1,001,633	\$3,300
Certificates of Deposit		
(with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(64)	64
STAR Ohio	(909,357)	909,357
Per GASB Statement No. 3	<u>\$95,512</u>	<u>\$909,421</u>

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

NOTE 4 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Heath City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2003, upon which the 2002 levies were based, were as follows:

	<u>Assessed Values for Collection in:</u>	
	<u>2002 Second Half</u>	<u>2003 First Half</u>
Agricultural/Residential and Other Real Estate	\$178,918,700	\$195,425,090
Public Utility Personal	6,389,920	6,531,640
Tangible Personal Property	<u>45,300,500</u>	<u>38,931,420</u>
Total Assessed Value	<u>\$230,609,120</u>	<u>\$240,888,150</u>
Tax rate per \$1,000 of assessed valuation	\$48.38	\$50.52

NOTE 5 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes and interfund loan receivables.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2003, is as follows:

A. Due to/from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$0	\$11,400
Enterprise Fund:		
Food Service Fund	11,400	0
Totals	<u>\$11,400</u>	<u>\$11,400</u>

B. Advance to/from Other Funds

	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
General Fund	\$37,500	\$0
Debt Service Fund:		
General Obligation Bond Retirement Fund	0	37,500
Totals	<u>\$37,500</u>	<u>\$37,500</u>

NOTE 7 – TRANSFERS

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$37,500	\$0
Capital Projects Fund:		
Building Fund	0	37,500
Totals	<u>\$37,500</u>	<u>\$37,500</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2003:

<u>Class</u>	<u>June 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2003</u>
Land and Improvements	\$1,077,277	\$345,275	\$0	\$1,422,552
Buildings and Improvements	3,225,198	18,398,856	0	21,624,054
Machinery and Equipment	2,283,372	693,082	0	2,976,454
Vehicles	644,372	63,310	(24,351)	683,331
Construction In Progress	16,779,104	2,388,181	(19,167,285)	0
Totals	<u>\$24,009,323</u>	<u>\$21,888,704</u>	<u>(\$19,191,636)</u>	<u>\$26,706,391</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2003:

<u>Category</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Machinery and Equipment	\$407,374	(\$223,812)	\$183,562
Total Property, Plant and Equipment	<u>\$407,374</u>	<u>(\$223,812)</u>	<u>\$183,562</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2002, (latest information available) 5.46% was allocated to fund the pension benefit and 8.54% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2003, 2002, and 2001 were \$174,264, \$166,392, and \$165,690, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2002 employer contribution rate (latest information available) that was used to fund health care for the year 2002 was 8.54%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2003, the minimum pay has been established as \$14,500. The amount contributed to fund health care benefits, including the surcharge amounted to \$130,834.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182,946,777 and the target level was \$274.4 million. Net assets available for payment of benefits at June 30, 2002 were \$335.2 million.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2002, (latest information available) 9.5% was allocated to fund the pension benefit and 4.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2003, 2002, and 2001 were \$781,632, \$722,604, and \$687,420, respectively, which were equal to the required contributions for each year.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2002, (latest information available) the board allocated employer contributions are equal to 4.5% of covered payroll to the Health Care Reserve Fund, which amounted to \$251,239 for the District. The balance of the Health Care Reserve Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002, the net health care costs paid by STRS were \$354,697,000. There were 105,300 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2003, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$803,827	\$20,201	\$824,028

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Detail of the changes in the notes, bonds, intergovernmental payable, capital lease payable and compensated absences of the District for the year ended June 30, 2003 is as follows:

		Balance June 30, 2002	Issued (Retired)	Balance June 30, 2003
General Long-Term Debt:				
(Long-Term Notes Payable)				
Permanent Improvement	4.00%	\$500,000	(\$100,000)	\$400,000
Energy Conservation Project	4.50%	280,000	(50,000)	230,000
Total Long-Term Notes Payable		780,000	(150,000)	630,000
(General Obligation Bonds Payable)				
School Improvement Bonds	6.38%	990,000	(5,000)	985,000
School Bus Bonds	5.5-6.1%	145,000	(45,000)	100,000
School Improvement Bonds	4.35-5.6%	16,148,718	(125,000)	16,023,718
		17,283,718	(175,000)	17,108,718
Interest Accretion		54,693	41,407	96,100
Total General Obligation Bonds Payable		17,338,411	(133,593)	17,204,818
Total General Long-Term Debt		18,118,411	(283,593)	17,834,818
Other General Long-Term Obligations:				
Intergovernmental Payable		56,123	5,837	61,960
Capital Leases		103,563	36,540	
			(39,081)	101,022
Compensated Absences		803,334	20,694	824,028
Early Retirement Incentive Payable		7,882	(7,882)	0
Total Other General Long-Term Obligations		970,902	16,108	987,010
Total General Long-Term Debt and Other General Long-Term Obligations		\$19,089,313	(\$267,485)	\$18,821,828

The intergovernmental payable represents contractually required pension contributions paid outside the available period.

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

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2003, follows:

Years	Long-Term Notes Payable		General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$155,000	\$26,258	\$240,000	\$902,945	\$32,971	\$6,362
2005	155,000	18,904	250,000	891,274	35,531	3,802
2006	160,000	11,415	205,000	878,967	17,417	1,614
2007	160,000	3,805	520,000	862,253	7,966	914
2008	0	0	545,000	837,534	7,137	263
2009-2013	0	0	2,498,066	4,394,996	0	0
2014-2018	0	0	2,245,652	4,629,268	0	0
2019-2023	0	0	4,670,000	2,348,962	0	0
2024-2028	0	0	5,935,000	868,898	0	0
Totals	<u>\$630,000</u>	<u>\$60,382</u>	<u>\$17,108,718</u>	<u>\$16,615,097</u>	<u>\$101,022</u>	<u>\$12,955</u>

NOTE 12 - CAPITALIZED LEASES

The District leases several copiers under capital leases. The cost of the equipment obtained under capital leases is \$185,738, which is included in the General Fixed Assets Account Group and the related liability is included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2003:

Year Ending June 30,	Capital Leases
2004	\$39,333
2005	39,333
2006	19,031
2007	8,880
2008	<u>7,400</u>
Minimum Lease Payments	113,977
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(12,955)</u>
Present Value of minimum lease payments	<u>\$101,022</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. The key financial information for the year ended June 30, 2003 for these enterprise activities is as follows:

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenues	\$261,203	\$78,951	\$340,154
Depreciation Expense	13,395	0	13,395
Operating Income (Loss)	(154,680)	1,630	(153,050)
Net Income	103,799	1,630	105,429
Operating Grants	92,625	0	92,625
Federal Donated Commodities	37,465	0	37,465
Property, Plant and Equipment:			
Additions	116,875	0	116,875
Total Assets	250,595	47,235	297,830
Net Working Capital	24,906	47,235	72,141
Contributed Capital Additions	116,875	0	116,875
Total Equity	205,633	47,091	252,724

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2003 the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Nationwide Insurance Company	Automobile	\$1,000
Indiana Insurance Company	Property, General Liability	\$500
Nationwide Insurance Company	Blanket Bond	\$0

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the GRP), an insurance purchasing pool. 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. 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 & Company provides administrative, cost control and actuarial services to the GRP. The GRP's business

NOTE 14 - RISK MANAGEMENT (Continued)

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 program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The District is currently providing group health care insurance by contracting with United Health Care, Inc. for commercial health care coverage. Until December 2001, the District had provided group health, dental and vision benefits to employees and their eligible dependents through a self-insured program. Premiums were paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Medical Mutual, Inc., which monitors all claim payments. Excess loss coverage, becomes effective after \$50,000 per year per specific claim. The District is maintaining a small balance in the fund until all claims have been finalized.

The claims liability of \$0 reported in the fund at June 30, 2003 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount in 2002 and 2003 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$134,021	\$623,801	(\$757,822)	\$0
2003	0	3,296	(3,296)	0

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NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for textbook and capital acquisition into various reserves. For the year ended June 30, 2003, the District did not calculate the set aside amounts for textbook and capital acquisition; however, some amounts were reserved. The reserve for budget stabilization became optional under state law in fiscal year 2001. The District has chosen to continue reserving amounts for budget stabilization. Although the District has restricted cash in each of the accounts displayed below, the calculation of each reserve was not in compliance with Ohio Revised Code Sections 3315.171 and 3315.18. During the fiscal year ended June 30, 2003, the reserve activity (cash-basis) was as follows (the calculation does not include the Ohio Department of Education required set-aside amount):

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 2002	(\$31,504)	(\$2,730,985)	\$67,516	(\$2,694,973)
Current Year Additions	0	23,511	13,744	37,255
Current Year Disbursements	(17,868)	(110,191)	0	(128,059)
Set-aside Balance at June 30, 2003	<u>(\$49,372)</u>	<u>(\$2,817,665)</u>	<u>\$81,260</u>	<u>(\$2,785,777)</u>
Restricted Cash Balance at June 30, 2003	<u>\$22,759</u>	<u>\$13,681</u>	<u>\$81,260</u>	<u>\$117,700</u>

NOTE 16 - CONTRIBUTED CAPITAL

There were no changes to contributed capital during the year. All current year capital contributions are reflected as non-operating revenue. Contributed capital balances as of year end were as follows:

	Food Service Fund
Contributed Capital at June 30, 2003	<u>\$35,407</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$29,659 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Joint Vocational School, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

NOTE 18 – CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2003.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2003.

C. State School Funding

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

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

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

*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS
FUNDS, ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, FIDUCIARY
FUNDS AND THE GENERAL FIXED ASSET ACCOUNT GROUP.*

GENERAL FUND

The General Fund is used to account for ordinary operations not accounted for in any other fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Local Sources:			
Taxes	\$5,957,380	\$5,957,398	\$18
Tuition	111,934	111,934	0
Investment Earnings	15,378	15,378	0
Intergovernmental - State	3,861,076	3,861,076	0
All Other Revenues	125,592	139,748	14,156
Total Revenues	<u>10,071,360</u>	<u>10,085,534</u>	<u>14,174</u>
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Salaries and Wages	3,640,617	3,639,756	861
Fringe Benefits	1,226,760	1,203,122	23,638
Purchased Services	135,138	127,078	8,060
Supplies and Materials	66,697	58,735	7,962
Other Expenditures	176	176	0
Capital Outlay	1,712	1,327	385
Total Regular	<u>5,071,100</u>	<u>5,030,194</u>	<u>40,906</u>
Special:			
Salaries and Wages	374,075	374,075	0
Fringe Benefits	133,561	117,846	15,715
Purchased Services	13,315	12,182	1,133
Supplies and Materials	28,200	26,656	1,544
Capital Outlay	1,921	1,889	32
Total Special	<u>551,072</u>	<u>532,648</u>	<u>18,424</u>
Vocational:			
Salaries and Wages	107,667	107,667	0
Fringe Benefits	33,095	33,095	0
Supplies and Materials	6,442	5,564	878
Total Vocational	<u>147,204</u>	<u>146,326</u>	<u>878</u>
Other:			
Purchased Services	142,256	129,163	13,093
Other Expenditures	57,985	57,980	5
Total Other	<u>200,241</u>	<u>187,143</u>	<u>13,098</u>
Total Instructional Services	<u>5,969,617</u>	<u>5,896,311</u>	<u>73,306</u>

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2003

GENERAL FUND			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Support Services:			
Pupils:			
Salaries and Wages	388,848	388,848	0
Fringe Benefits	121,695	121,695	0
Purchased Services	2,605	1,655	950
Supplies and Materials	25,348	23,615	1,733
Capital Outlay	2,500	1,644	856
Total Pupils	540,996	537,457	3,539
Instructional Staff:			
Salaries and Wages	168,397	168,397	0
Fringe Benefits	94,906	94,906	0
Supplies and Materials	1,211	965	246
Total Instructional Staff	264,514	264,268	246
Board of Education:			
Salaries and Wages	2,060	2,060	0
Fringe Benefits	5,363	5,363	0
Purchased Services	3,073	3,073	0
Supplies and Materials	800	765	35
Other Expenditures	3,185	2,977	208
Total Board of Education	14,481	14,238	243
Administration:			
Salaries and Wages	657,991	657,991	0
Fringe Benefits	301,271	301,271	0
Purchased Services	39,461	35,794	3,667
Supplies and Materials	6,312	5,178	1,134
Other Expenditures	2,900	2,862	38
Capital Outlay	1,400	1,400	0
Total Administration	1,009,335	1,004,496	4,839
Fiscal Services:			
Salaries and Wages	155,210	155,210	0
Fringe Benefits	67,557	67,557	0
Purchased Services	6,217	2,376	3,841
Supplies and Materials	3,197	2,949	248
Other Expenditures	141,725	140,297	1,428
Capital Outlay	1,015	0	1,015
Total Fiscal Services	374,921	368,389	6,532

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2003

GENERAL FUND

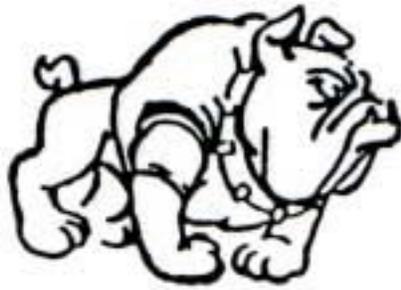
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Business:			
Fringe Benefits	2,146	1,904	242
Purchased Services	20,864	18,710	2,154
Other Expenditures	650	627	23
Total Business	23,660	21,241	2,419
Operation and Maintenance of Plant:			
Salaries and Wages	333,714	333,714	0
Fringe Benefits	152,935	152,935	0
Purchased Services	640,973	585,515	55,458
Supplies and Materials	65,525	56,541	8,984
Other Expenditures	1,647	1,641	6
Capital Outlay	40,711	40,396	315
Total Operation and Maintenance of Plant	1,235,505	1,170,742	64,763
Pupil Transportation:			
Salaries and Wages	173,219	173,219	0
Fringe Benefits	114,835	114,835	0
Purchased Services	45,709	43,971	1,738
Supplies and Materials	45,027	37,296	7,731
Other Expenditures	2,444	1,731	713
Capital Outlay	10,176	10,128	48
Total Pupil Transportation	391,410	381,180	10,230
Central:			
Salaries and Wages	60,936	60,936	0
Fringe Benefits	11,061	11,061	0
Purchased Services	42,273	41,355	918
Supplies and Materials	32,446	31,421	1,025
Other Expenditures	46,803	46,784	19
Total Central	193,519	191,557	1,962
Total Support Services	4,048,341	3,953,568	94,773
Extracurricular Activities:			
Academic and Subject Oriented:			
Salaries and Wages	19,228	19,228	0
Fringe Benefits	132	132	0
Purchased Services	3,475	2,268	1,207
Supplies and Materials	3,336	2,503	833
Capital Outlay	15,632	15,232	400
Total Academic and Subject Oriented	41,803	39,363	2,440

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Sports Oriented:			
Salaries and Wages	133,794	133,794	0
Fringe Benefits	20,654	20,654	0
Other Expenditures	325	325	0
Total Sports Oriented	154,773	154,773	0
School and Public Service Co-Curricular:			
Salaries and Wages	4,821	2,996	1,825
Fringe Benefits	51	51	0
Total School and Public Service Co-Curricular	4,872	3,047	1,825
Total Extracurricular Activities	201,448	197,183	4,265
Other Expenditures:			
Salaries and Wages	2,240	2,240	0
Purchased Services	225	224	1
Total Other Expenditures	2,465	2,464	1
Capital Outlay	43,548	36,806	6,742
Total Expenditures	10,265,419	10,086,332	179,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	(194,059)	(798)	193,261
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	6,846	6,846
Advances In	0	4,325	4,325
Total Other Financing Sources (Uses):	0	11,171	11,171
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(194,059)	10,373	204,432
Fund Balance at Beginning of Year	313,872	313,872	0
Prior Year Encumbrances	166,092	166,092	0
Fund Balance at End of Year	\$285,905	\$490,337	\$204,432



Heath City School District

SPECIAL REVENUE FUNDS

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 expenditures for specified purposes.

Public School Support Fund

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

Other Grants Fund

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

District Managed Student Activity Fund

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

Auxiliary Services Fund

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

Career Development Fund

To account for monies received and expended in conjunction with Vocational Education Career Development projects funded by the State of Ohio, Ohio Department of Education, and Division of Vocational Education.

Teacher Development Fund

To account for monies which provide locally developed teacher training and professional development and establishment of local professional development committees.

Management Information System Fund

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

Data Communication Fund

To account for money appropriated for Ohio Educational Computer Network Connections.

(Continued)

SPECIAL REVENUE FUNDS

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

OhioReads Fund

To account for grant monies to be used for improving reading outcomes, especially on the fourth grade reading proficiency test and for operating expenditures associated with administering the program. (The Balance Sheet is not presented because there are no assets or liabilities at year end)

Summer Intervention Fund

To account for summer intervention services satisfying criteria defined in division (E) of section 3313608 of the Ohio Revised Code.

Eisenhower Professional Development Fund

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

Title VI-B Fund

To account for monies received through grants to assist in the identification of children with disabilities, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to children with disabilities at the preschool, elementary and secondary levels.

Vocational Education Fund

To account for grant monies to be used for the development of vocational education programs.

Title I Fund

To account for financial assistance received from federal programs to meet the special needs of educationally deprived children.

(Continued)

SPECIAL REVENUE FUNDS

Title V Fund

To account for various grant programs to be used in accordance with educational needs.

Drug Free Grant Fund

To account for grant funds to be used for drug abuse prevention, early intervention, rehabilitation referral and education.

Telecommunications Fund

To account for a Federal grant to be used for telecommunications services.

Title II Fund

To account for federal monies received which are used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced. (The Balance Sheet is not presented because there are no assets or liabilities at year end)

Other Federal Grants Fund

To account for various monies received through state agencies from the federal government which are not classified elsewhere.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2003

	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
<u>Assets:</u>				
Cash and Cash Equivalents	\$52,118	\$9,607	\$13,203	\$453
Total Assets	<u>\$52,118</u>	<u>\$9,607</u>	<u>\$13,203</u>	<u>\$453</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$122	\$0	\$5,441	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payables	0	0	0	0
Total Liabilities	<u>122</u>	<u>0</u>	<u>5,441</u>	<u>0</u>
Fund Equity:				
Reserved for Encumbrances	2,215	6,310	4,101	162
Unreserved	49,781	3,297	3,661	291
Total Fund Equity	<u>51,996</u>	<u>9,607</u>	<u>7,762</u>	<u>453</u>
Total Liabilities and Fund Equity	<u>\$52,118</u>	<u>\$9,607</u>	<u>\$13,203</u>	<u>\$453</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2003

Career Development	Teacher Development	Management Information System	Data Communication	SchoolNet Professional Development	Summer Intervention
\$1,062	\$273	\$30,176	\$5,513	\$2,883	\$1,928
<u>\$1,062</u>	<u>\$273</u>	<u>\$30,176</u>	<u>\$5,513</u>	<u>\$2,883</u>	<u>\$1,928</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
40	95	0	0	0	0
<u>1,022</u>	<u>178</u>	<u>30,176</u>	<u>5,513</u>	<u>2,883</u>	<u>1,928</u>
<u>1,062</u>	<u>273</u>	<u>30,176</u>	<u>5,513</u>	<u>2,883</u>	<u>1,928</u>
<u>\$1,062</u>	<u>\$273</u>	<u>\$30,176</u>	<u>\$5,513</u>	<u>\$2,883</u>	<u>\$1,928</u>

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2003

	<u>Title VI-B</u>	<u>Vocational Education</u>	<u>Title I</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$27,720	\$1,051	\$6,192
Total Assets	<u>\$27,720</u>	<u>\$1,051</u>	<u>\$6,192</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$0	\$0	\$211
Accrued Wages and Benefits	8,134	0	8,799
Intergovernmental Payables	118	0	0
Total Liabilities	<u>8,252</u>	<u>0</u>	<u>9,010</u>
<u>Fund Equity:</u>			
Reserved for Encumbrances	0	0	0
Unreserved	19,468	1,051	(2,818)
Total Fund Equity	<u>19,468</u>	<u>1,051</u>	<u>(2,818)</u>
Total Liabilities and Fund Equity	<u>\$27,720</u>	<u>\$1,051</u>	<u>\$6,192</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2003

Title V	Drug Free Grant	Tele- communications	Other Federal Grants	Totals
\$1,169	\$12,014	\$2,409	\$4,497	\$172,268
\$1,169	\$12,014	\$2,409	\$4,497	\$172,268
\$0	\$0	\$0	\$0	\$5,774
0	0	0	0	16,933
0	0	0	0	118
0	0	0	0	22,825
0	1,460	0	0	14,383
1,169	10,554	2,409	4,497	135,060
1,169	12,014	2,409	4,497	149,443
\$1,169	\$12,014	\$2,409	\$4,497	\$172,268

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
<u>Revenues:</u>				
Local Sources:				
Investment Earnings	\$0	\$0	\$305	\$0
Extracurricular Activities	0	0	62,599	0
Intergovernmental - State	0	0	0	4,807
Intergovernmental - Federal	0	0	0	0
All Other Revenues	56,375	29,100	76,936	0
Total Revenues	<u>56,375</u>	<u>29,100</u>	<u>139,840</u>	<u>4,807</u>
<u>Expenditures:</u>				
Current:				
Instructional Services	0	26,784	0	0
Support Services:				
Pupils	45,505	726	0	0
Instructional Staff	1,181	0	0	0
Fiscal Services	0	0	0	192
Business	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Community Services	0	0	0	7,109
Extracurricular Activities	0	0	138,721	0
Total Expenditures	<u>46,686</u>	<u>27,510</u>	<u>138,721</u>	<u>7,301</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	9,689	1,590	1,119	(2,494)
Fund Balance (Deficit) at Beginning of Year	<u>42,307</u>	<u>8,017</u>	<u>6,643</u>	<u>2,947</u>
Fund Balance (Deficit) at End of Year	<u><u>\$51,996</u></u>	<u><u>\$9,607</u></u>	<u><u>\$7,762</u></u>	<u><u>\$453</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

Career Development	Teacher Development	Management Information System	Data Communication	SchoolNet Professional Development	OhioReads	Summer Intervention
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
700	0	6,187	0	3,250	2,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>700</u>	<u>0</u>	<u>6,187</u>	<u>0</u>	<u>3,250</u>	<u>2,000</u>	<u>0</u>
0	60	0	0	6,008	0	2,984
502	0	0	0	0	0	0
0	0	0	0	0	2,000	0
0	0	0	0	0	0	0
0	0	10,020	0	0	0	0
0	0	0	0	0	0	0
0	0	0	1,583	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>502</u>	<u>60</u>	<u>10,020</u>	<u>1,583</u>	<u>6,008</u>	<u>2,000</u>	<u>2,984</u>
198	(60)	(3,833)	(1,583)	(2,758)	0	(2,984)
864	333	34,009	7,096	5,641	0	4,912
<u>\$1,062</u>	<u>\$273</u>	<u>\$30,176</u>	<u>\$5,513</u>	<u>\$2,883</u>	<u>\$0</u>	<u>\$1,928</u>

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Eisenhower Professional Development	Title VI-B	Vocational Education	Title I
<u>Revenues:</u>				
Local Sources:				
Investment Earnings	\$0	\$0	\$0	\$0
Extracurricular Activities	0	0	0	0
Intergovernmental - State	0	0	0	0
Intergovernmental - Federal	464	131,358	850	75,474
All Other Revenues	0	0	0	0
Total Revenues	464	131,358	850	75,474
<u>Expenditures:</u>				
Current:				
Instructional Services	0	56,744	185	75,925
Support Services:				
Pupils	0	7,899	0	0
Instructional Staff	4,269	55,843	0	0
Fiscal Services	0	0	0	0
Business	0	0	0	0
Pupil Transportation	0	5,000	0	0
Central	0	0	0	0
Community Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	4,269	125,486	185	75,925
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	(3,805)	5,872	665	(451)
Fund Balance (Deficit) at Beginning of Year	3,805	13,596	386	(2,367)
Fund Balance (Deficit) at End of Year	\$0	\$19,468	\$1,051	(\$2,818)

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

Title V	Drug Free Grant	Tele- communications	Title II	Other Federal Grants	Totals
\$0	\$0	\$0	\$0	\$0	\$305
0	0	0	0	0	62,599
0	0	0	0	0	16,944
8,827	22,769	0	17,500	10,937	268,179
0	0	15,968	0	0	178,379
<u>8,827</u>	<u>22,769</u>	<u>15,968</u>	<u>17,500</u>	<u>10,937</u>	<u>526,406</u>
11,395	1,025	0	17,500	10,937	209,547
0	12,274	0	0	0	66,906
0	0	0	0	0	63,293
0	0	15,968	0	0	16,160
0	0	0	0	0	10,020
0	0	0	0	0	5,000
0	0	13,234	0	0	14,817
0	0	0	0	0	7,109
0	0	0	0	0	138,721
<u>11,395</u>	<u>13,299</u>	<u>29,202</u>	<u>17,500</u>	<u>10,937</u>	<u>531,573</u>
(2,568)	9,470	(13,234)	0	0	(5,167)
3,737	2,544	15,643	0	4,497	154,610
<u>\$1,169</u>	<u>\$12,014</u>	<u>\$2,409</u>	<u>\$0</u>	<u>\$4,497</u>	<u>\$149,443</u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

PUBLIC SCHOOL SUPPORT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$46,675	\$56,375	\$9,700
Total Revenues	<u>46,675</u>	<u>56,375</u>	<u>9,700</u>
<u>Expenditures:</u>			
Support Services:			
Pupils:			
Supplies and Materials	50,878	47,833	3,045
Instructional Staff:			
Purchased Services	<u>1,196</u>	<u>1,181</u>	<u>15</u>
Total Expenditures	<u>52,074</u>	<u>49,014</u>	<u>3,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,399)	7,361	12,760
Fund Balance at Beginning of Year	39,934	39,934	0
Prior Year Encumbrances	<u>2,483</u>	<u>2,483</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$37,018</u></u>	<u><u>\$49,778</u></u>	<u><u>\$12,760</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

OTHER GRANTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$29,100	\$29,100	\$0
Total Revenues	29,100	29,100	0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Supplies and Materials	15,786	13,962	1,824
Capital Outlay	13,438	13,432	6
Total Instructional Services	29,224	27,394	1,830
Support Services:			
Pupils:			
Supplies and Materials	6,821	6,426	395
Total Expenditures	36,045	33,820	2,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,945)	(4,720)	2,225
Fund Balance at Beginning of Year	7,962	7,962	0
Prior Year Encumbrances	55	55	0
Fund Balance at End of Year	\$1,072	\$3,297	\$2,225

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

DISTRICT MANAGED STUDENT ACTIVITY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$177	\$305	\$128
Extracurricular Activities	62,599	62,599	0
All Other Revenues	76,936	76,936	0
Total Revenues	139,712	139,840	128
<u>Expenditures:</u>			
Extracurricular Activities:			
Sports Oriented:			
Salaries and Wages	15,415	15,415	0
Purchased Services	37,269	35,000	2,269
Supplies and Materials	50,718	50,567	151
Other Expenditures	16,222	15,768	454
Capital Outlay	24,196	24,196	0
Total Expenditures	143,820	140,946	2,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,108)	(1,106)	3,002
Fund Balance at Beginning of Year	1,760	1,760	0
Prior Year Encumbrances	4,958	4,958	0
Fund Balance at End of Year	\$2,610	\$5,612	\$3,002

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

AUXILIARY SERVICES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - State	\$4,807	\$4,807	\$0
Total Revenues	4,807	4,807	0
<u>Expenditures:</u>			
Support Services:			
Fiscal Services:			
Other Expenditures	192	192	0
Community Services:			
Purchased Services	160	160	0
Supplies and Materials	5,229	5,661	(432)
Capital Outlay	1,607	1,450	157
Total Community Services	6,996	7,271	(275)
Total Expenditures	7,188	7,463	(275)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,381)	(2,656)	(275)
Fund Balance at Beginning of Year	2,690	2,690	0
Prior Year Encumbrances	257	257	0
Fund Balance at End of Year	\$566	\$291	(\$275)

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

CAREER DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - State	\$700	\$700	\$0
Total Revenues	700	700	0
<u>Expenditures:</u>			
Support Services:			
Pupils:			
Supplies and Materials	1,564	542	1,022
Total Expenditures	1,564	542	1,022
Excess (Deficiency) of Revenues Over (Under) Expenditures	(864)	158	1,022
Fund Balance at Beginning of Year	864	864	0
Fund Balance at End of Year	\$0	\$1,022	\$1,022

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

TEACHER DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Purchased Services	118	60	58
Support Services:			
Administration:			
Purchased Services	95	95	0
Total Expenditures	213	155	58
Excess (Deficiency) of Revenues Over (Under) Expenditures	(213)	(155)	58
Fund Balance at Beginning of Year	274	274	0
Prior Year Encumbrances	59	59	0
Fund Balance at End of Year	\$120	\$178	\$58

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

MANAGEMENT INFORMATION SYSTEM FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - State	\$6,188	\$6,187	(\$1)
Total Revenues	<u>6,188</u>	<u>6,187</u>	<u>(1)</u>
<u>Expenditures:</u>			
Support Services:			
Business:			
Purchased Services	125	18	107
Capital Outlay	<u>10,002</u>	<u>10,002</u>	<u>0</u>
Total Expenditures	<u>10,127</u>	<u>10,020</u>	<u>107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,939)	(3,833)	106
Fund Balance at Beginning of Year	<u>34,009</u>	<u>34,009</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$30,070</u></u>	<u><u>\$30,176</u></u>	<u><u>\$106</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

DATA COMMUNICATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Support Services:			
Central:			
Capital Outlay	1,583	1,583	0
Total Expenditures	1,583	1,583	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,583)	(1,583)	0
Fund Balance at Beginning of Year	7,096	7,096	0
Fund Balance at End of Year	\$5,513	\$5,513	\$0

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - State	\$3,250	\$3,250	\$0
Total Revenues	3,250	3,250	0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Salaries and Wages	3,712	1,079	2,633
Purchased Services	2,668	2,668	0
Other Expenditures	2,261	2,261	0
Total Instructional Services	8,641	6,008	2,633
Support Services:			
Central:			
Capital Outlay	250	0	250
Total Expenditures	8,891	6,008	2,883
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,641)	(2,758)	2,883
Fund Balance at Beginning of Year	5,641	5,641	0
Fund Balance at End of Year	\$0	\$2,883	\$2,883

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

OHIOREADS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - State	\$2,000	\$2,000	\$0
Total Revenues	2,000	2,000	0
<u>Expenditures:</u>			
Support Services:			
Instructional Staff:			
Salaries and Wages	2,000	2,000	0
Total Expenditures	2,000	2,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

SUMMER INTERVENTION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Salaries and Wages	4,911	2,984	1,927
Total Expenditures	4,911	2,984	1,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,911)	(2,984)	1,927
Fund Balance at Beginning of Year	4,912	4,912	0
Fund Balance at End of Year	\$1	\$1,928	\$1,927

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

EISENHOWER PROFESSIONAL DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$464	\$464	\$0
Total Revenues	464	464	0
<u>Expenditures:</u>			
Instructional Staff:			
Purchased Services	4,269	4,269	0
Total Expenditures	4,269	4,269	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,805)	(3,805)	0
Fund Balance at Beginning of Year	3,417	3,417	0
Prior Year Encumbrances	388	388	0
Fund Balance at End of Year	\$0	\$0	\$0

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

TITLE VI-B FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$131,358	\$131,358	\$0
Total Revenues	131,358	131,358	0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Salaries and Wages	37,038	31,172	5,866
Purchased Services	15,715	15,715	0
Supplies and Materials	7,500	3,906	3,594
Total Instructional Services	60,253	50,793	9,460
Support Services:			
Pupils:			
Supplies and Materials	7,899	7,899	0
Total Pupils	7,899	7,899	0
Instructional Staff:			
Salaries and Wages	32,801	14,541	18,260
Fringe Benefits	13,622	13,622	0
Purchased Services	27,555	27,555	0
Total Instructional Staff	73,978	55,718	18,260
Pupil Transportation:			
Supplies and Materials	5,000	5,000	0
Total Expenditures	147,130	119,410	27,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,772)	11,948	27,720
Fund Balance at Beginning of Year	15,772	15,772	0
Fund Balance at End of Year	\$0	\$27,720	\$27,720

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

VOCATIONAL EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$850	\$850	\$0
Total Revenues	850	850	0
<u>Expenditures:</u>			
Instructional Services:			
Vocational:			
Purchased Services	497	185	312
Total Expenditures	497	185	312
Excess (Deficiency) of Revenues Over (Under) Expenditures	353	665	312
Fund Balance at Beginning of Year	386	386	0
Fund Balance at End of Year	\$739	\$1,051	\$312

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

TITLE I FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$84,823	\$84,823	\$0
Total Revenues	84,823	84,823	0
<u>Expenditures:</u>			
Instructional Services:			
Special:			
Salaries and Wages	62,738	56,853	5,885
Fringe Benefits	15,117	15,117	0
Purchased Services	2,500	2,500	0
Supplies and Materials	1,212	905	307
Total Instructional Services	81,567	75,375	6,192
Total Expenditures	81,567	75,375	6,192
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,256	9,448	6,192
<u>Other Financing Sources (Uses):</u>			
Advances Out	(3,260)	(3,260)	0
Total Other Financing Sources (Uses):	(3,260)	(3,260)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4)	6,188	6,192
Fund Balance at Beginning of Year	4	4	0
Fund Balance at End of Year	\$0	\$6,192	\$6,192

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

TITLE V FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$8,827	\$8,827	\$0
Total Revenues	8,827	8,827	0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Supplies and Materials	12,564	11,395	1,169
Total Expenditures	12,564	11,395	1,169
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,737)	(2,568)	1,169
Fund Balance at Beginning of Year	1,172	1,172	0
Prior Year Encumbrances	2,565	2,565	0
Fund Balance at End of Year	\$0	\$1,169	\$1,169

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

DRUG FREE GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$25,842	\$25,842	\$0
Total Revenues	25,842	25,842	0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Supplies and Materials	1,038	1,025	13
Total Community Services	1,038	1,025	13
Support Services:			
Pupils:			
Purchased Services	24,260	13,719	10,541
Supplies and Materials	15	15	0
Total Pupils	24,275	13,734	10,541
Total Expenditures	25,313	14,759	10,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	529	11,083	10,554
<u>Other Financing Sources (Uses):</u>			
Advances Out	(1,065)	(1,065)	0
Total Other Financing Sources (Uses):	(1,065)	(1,065)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(536)	10,018	10,554
Fund Balance at Beginning of Year	1	1	0
Prior Year Encumbrances	535	535	0
Fund Balance at End of Year	\$0	\$10,554	\$10,554

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

TELECOMMUNICATIONS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$15,969	\$15,968	(\$1)
Total Revenues	<u>15,969</u>	<u>15,968</u>	<u>(1)</u>
<u>Expenditures:</u>			
Support Services:			
Fiscal Services:			
Other Expenditures	15,968	15,968	0
Central:			
Purchased Services	4,760	4,239	521
Capital Outlay	<u>9,003</u>	<u>8,995</u>	<u>8</u>
Total Central	<u>13,763</u>	<u>13,234</u>	<u>529</u>
Total Expenditures	<u>29,731</u>	<u>29,202</u>	<u>529</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(13,762)	(13,234)	528
Fund Balance at Beginning of Year	<u>15,643</u>	<u>15,643</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,881</u></u>	<u><u>\$2,409</u></u>	<u><u>\$528</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

TITLE II FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$17,500	\$17,500	\$0
Total Revenues	<u>17,500</u>	<u>17,500</u>	<u>0</u>
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Purchased Services	14,500	14,500	0
Supplies and Materials	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Expenditures	<u>17,500</u>	<u>17,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

OTHER FEDERAL GRANTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - Federal	\$10,937	\$10,937	\$0
Total Revenues	<u>10,937</u>	<u>10,937</u>	<u>0</u>
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Purchased Services	1,974	1,974	0
Capital Outlay	8,963	8,963	0
Total Expenditures	<u>10,937</u>	<u>10,937</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	4,497	4,497	0
Fund Balance at End of Year	<u><u>\$4,497</u></u>	<u><u>\$4,497</u></u>	<u><u>\$0</u></u>

CAPITAL PROJECTS FUNDS

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

Permanent Improvement Fund

To account for the acquisition, construction and improvement of such permanent improvements as authorized by Chapter 5705 of the Ohio Revised Code.

Building Fund

To account for the acquisition, construction and improvement of capital facilities as authorized by Chapter 5705 of the Ohio Revised Code. (The Balance Sheet is not presented because there are no assets or liabilities at year end)

Vocational Education Equipment Fund

To account for receipts and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills.

SchoolNet Plus Fund

To account for monies received from state grants to provide computer workstations for all classrooms, grades K-4. (The Balance Sheet is not presented because there are no assets or liabilities at year end)

Interactive Video Distance Learning Grant Fund

To account for monies spent by the State on behalf of the District. The monies are used for fixed assets for the interactive video distance learning project.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2003

	Permanent Improvement	Vocational Education Equipment	Interactive Video Distance Learning Grant	Totals
<u>Assets:</u>				
Cash and Cash Equivalents	\$41,137	\$598	\$5,200	\$46,935
Receivables (net of allowance for doubtful accounts):				
Taxes	228,578	0	0	228,578
Total Assets	<u>\$269,715</u>	<u>\$598</u>	<u>\$5,200</u>	<u>\$275,513</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$2,219	\$0	\$0	\$2,219
Deferred Revenue - Taxes	205,778	0	0	205,778
Total Liabilities	<u>207,997</u>	<u>0</u>	<u>0</u>	<u>207,997</u>
Fund Equity:				
Reserved for Encumbrances	12,561	0	0	12,561
Reserved for Property Taxes	19,800	0	0	19,800
Unreserved	29,357	598	5,200	35,155
Total Fund Equity	<u>61,718</u>	<u>598</u>	<u>5,200</u>	<u>67,516</u>
Total Liabilities and Fund Equity	<u>\$269,715</u>	<u>\$598</u>	<u>\$5,200</u>	<u>\$275,513</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Permanent Improvement	Building	Vocational Education Equipment	SchoolNet Plus	Interactive Video Distance Learning Grant	Totals
Revenues:						
Local Sources:						
Taxes	\$89,740	\$0	\$0	\$0	\$0	\$89,740
Investment Earnings	3,234	19,836	0	0	0	23,070
Intergovernmental - State	20,767	0	0	24,108	0	44,875
All Other Revenues	170	0	0	0	0	170
Total Revenues	<u>113,911</u>	<u>19,836</u>	<u>0</u>	<u>24,108</u>	<u>0</u>	<u>157,855</u>
Expenditures:						
Instructional Services	159,396	0	0	24,108	13,483	196,987
Support Services:						
Board of Education	0	5,390	0	0	0	5,390
Administration	0	2,798	0	0	0	2,798
Fiscal Services	3,688	0	0	0	0	3,688
Operations and Maintenance of Plant	1,302	428,039	0	0	0	429,341
Central	0	33,476	0	0	0	33,476
Extracurricular Activities	0	1,799	0	0	0	1,799
Capital Outlay	0	2,060,146	0	0	0	2,060,146
Total Expenditures	<u>164,386</u>	<u>2,531,648</u>	<u>0</u>	<u>24,108</u>	<u>13,483</u>	<u>2,733,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,475)	(2,511,812)	0	0	(13,483)	(2,575,770)
Other Financing Sources (Uses):						
Operating Transfers Out	0	(37,500)	0	0	0	(37,500)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(37,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,500)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(50,475)	(2,549,312)	0	0	(13,483)	(2,613,270)
Fund Balance at Beginning of Year	112,193	2,549,312	598	0	18,683	2,680,786
Fund Balance at End of Year	<u>\$61,718</u>	<u>\$0</u>	<u>\$598</u>	<u>\$0</u>	<u>\$5,200</u>	<u>\$67,516</u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

PERMANENT IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$81,540	\$81,540	\$0
Investment Earnings	3,234	3,234	0
Intergovernmental - State	20,767	20,767	0
All Other Revenues	170	170	0
Total Revenues	<u>105,711</u>	<u>105,711</u>	<u>0</u>
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Purchased Services	10,100	7,246	2,854
Supplies and Materials	45,514	35,418	10,096
Capital Outlay	137,500	129,161	8,339
Total Instructional Services	<u>193,114</u>	<u>171,825</u>	<u>21,289</u>
Fiscal Services:			
Other Expenditures	4,000	3,688	312
Operation and Maintenance of Plant Services:			
Purchased Services	4,302	1,302	3,000
Total Expenditures	<u>201,416</u>	<u>176,815</u>	<u>24,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,705)	(71,104)	24,601
Fund Balance at Beginning of Year	97,079	97,079	0
Prior Year Encumbrances	514	514	0
Fund Balance at End of Year	<u>\$1,888</u>	<u>\$26,489</u>	<u>\$24,601</u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

BUILDING FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$45,431	\$45,431	\$0
Total Revenues	45,431	45,431	0
<u>Expenditures:</u>			
Support Services:			
Board of Education:			
Supplies and Materials	5,390	5,390	0
Total Instructional Services	5,390	5,390	0
Administration:			
Purchased Services	2,798	2,798	0
Operation and Maintenance of Plant Services:			
Purchased Services	20,421	20,421	0
Supplies and Materials	414,097	414,097	0
Total Operation and Maintenance of Plant Services	434,518	434,518	0
Central:			
Capital Outlay	33,476	33,476	0
Total Support Services	470,792	470,792	0
Extracurricular Activities:			
Sports Oriented:			
Supplies and Materials	1,799	1,799	0
Capital Outlay	3,176,596	3,309,692	(133,096)
Total Expenditures	3,654,577	3,787,673	(133,096)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,609,146)	(3,742,242)	(133,096)

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

BUILDING FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Other Financing Sources (Uses):</u>			
Advances In	125,000	125,000	0
Total Other Financing Sources (Uses):	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,484,146)	(3,617,242)	(133,096)
Fund Balance at Beginning of Year	1,003,740	1,003,740	0
Prior Year Encumbrances	<u>2,613,502</u>	<u>2,613,502</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$133,096</u></u>	<u><u>\$0</u></u>	<u><u>(\$133,096)</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

VOCATIONAL EDUCATION EQUIPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	598	598	0
Fund Balance at End of Year	\$598	\$598	\$0

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

SCHOOLNET PLUS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental - State	\$24,108	\$24,108	\$0
Total Revenues	24,108	24,108	0
 <u>Expenditures:</u>			
Instructional Services:			
Regular:			
Supplies and Materials	24,108	24,108	0
Total Expenditures	24,108	24,108	0
 Excess (Deficiency) of			
Revenues Over (Under) Expenditures	0	0	0
 Fund Balance at Beginning of Year			
	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

INTERACTIVE VIDEO DISTANCE LEARNING FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Instructional Services:			
Regular:			
Purchased Services	9,233	9,233	0
Supplies and Materials	3,000	3,000	0
Capital Outlay	6,450	1,250	5,200
Total Expenditures	18,683	13,483	5,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,683)	(13,483)	5,200
Fund Balance at Beginning of Year	18,683	18,683	0
Fund Balance at End of Year	\$0	\$5,200	\$5,200

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or where the District has decided that periodic determination of net income is appropriate for accountability purposes.

Food Service Fund

To record financial transactions associated with food service operations.

Uniform School Supply Fund

To account for the purchase and sale of school supplies. Profits derived from sales must be used for school purposes or activities.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2003

	Food Service	Uniform School Supply	Totals
<u>Assets:</u>			
Cash and Cash Equivalents	\$45,085	\$47,235	\$92,320
Due from Other Funds	11,400	0	11,400
Inventory of Supplies at Cost	10,548	0	10,548
Property Plant and Equipment	407,374	0	407,374
Less: Accumulated Depreciation	(223,812)	0	(223,812)
Net Fixed Assets	183,562	0	183,562
Total Assets	<u>\$250,595</u>	<u>\$47,235</u>	<u>\$297,830</u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Accounts Payable	\$0	\$144	\$144
Accrued Wages and Benefits	18,006	0	18,006
Intergovernmental Payables	24,121	0	24,121
Compensated Absences Payable	2,835	0	2,835
Total Liabilities	<u>44,962</u>	<u>144</u>	<u>45,106</u>
Fund Equity:			
Contributed Capital	35,407	0	35,407
Retained Earnings:			
Unreserved	170,226	47,091	217,317
Total Retained Earnings	<u>170,226</u>	<u>47,091</u>	<u>217,317</u>
Total Fund Equity	<u>205,633</u>	<u>47,091</u>	<u>252,724</u>
Total Liabilities and Fund Equity	<u>\$250,595</u>	<u>\$47,235</u>	<u>\$297,830</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Food Service	Uniform School Supply	Totals
<u>Operating Revenues:</u>			
Tuition and Fees	\$0	\$78,951	\$78,951
Sales	261,203	0	261,203
Total Operating Revenues	<u>261,203</u>	<u>78,951</u>	<u>340,154</u>
<u>Operating Expenses:</u>			
Salaries and Wages	141,620	0	141,620
Fringe Benefits	80,354	0	80,354
Contractual Services	836	0	836
Materials and Supplies	179,032	77,321	256,353
Depreciation	13,395	0	13,395
Other Operating Expenses	646	0	646
Total Operating Expenses	<u>415,883</u>	<u>77,321</u>	<u>493,204</u>
Operating Income (Loss)	(154,680)	1,630	(153,050)
<u>Nonoperating Revenues:</u>			
Operating Grants	92,625	0	92,625
Federally Donated Commodities	37,465	0	37,465
Capital Contributions	116,875	0	116,875
Investment Earnings	500	0	500
Miscellaneous	11,014	0	11,014
Total Nonoperating Revenues	<u>258,479</u>	<u>0</u>	<u>258,479</u>
Net Income	103,799	1,630	105,429
Retained Earnings at Beginning of Year	66,427	45,461	111,888
Retained Earnings at End of Year	<u>\$170,226</u>	<u>\$47,091</u>	<u>\$217,317</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Food Service	Uniform School Supply	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$272,217	\$0	\$272,217
Cash Received from Tuition and Fee Payments	0	78,951	78,951
Cash Payments for Goods and Services	(150,197)	(77,177)	(227,374)
Cash Payments to Employees for Services and Benefits	(219,657)	0	(219,657)
Net Cash Provided (Used) by Operating Activities	<u>(97,637)</u>	<u>1,774</u>	<u>(95,863)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	<u>92,625</u>	<u>0</u>	<u>92,625</u>
Net Cash Provided by Noncapital Financing Activities	<u>92,625</u>	<u>0</u>	<u>92,625</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,012)	1,774	(3,238)
Cash and Cash Equivalents at Beginning of Year	<u>50,097</u>	<u>45,461</u>	<u>95,558</u>
Cash and Cash Equivalents at End of Year	<u><u>\$45,085</u></u>	<u><u>\$47,235</u></u>	<u><u>\$92,320</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$154,680)	\$1,630	(\$153,050)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Miscellaneous Non-Operating Income	11,014	0	11,014
Depreciation Expense	13,395	0	13,395
Donated Commodities Used During the Year	37,465	0	37,465
Changes in Assets and Liabilities:			
Increase in Inventory	(4,678)	0	(4,678)
Increase in Accounts Payable	0	144	144
Increase in Accrued Wages and Benefits	35	0	35
Increase in Intergovernmental Payables	3,021	0	3,021
Decrease in Deferred Revenues	(2,470)	0	(2,470)
Decrease in Compensated Absences	(739)	0	(739)
Total Adjustments	<u>57,043</u>	<u>144</u>	<u>57,187</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$97,637)</u></u>	<u><u>\$1,774</u></u>	<u><u>(\$95,863)</u></u>

Schedule of Noncash Investing, Capital and Financing Activities:

During fiscal year 2003, the Food Service Fund received \$37,465 in donated commodities from the federal government.

During fiscal year 2003, the Food Service Fund received \$116,875 of capital assets from other funds.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing goods or services provided by one activity to other activities of the District on a cost-reimbursement basis.

Rotary Fund

To account for operations that provide goods and services provided by the District.

Employee Benefits Self Insurance Fund

To account for monies received from other funds as payment for providing medical, dental and vision employee benefits.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 2003

	Rotary	Employee Benefits Self Insurance	Totals
<u>Assets:</u>			
Cash and Cash Equivalents	\$9,835	\$11,685	\$21,520
Total Assets	<u>\$9,835</u>	<u>\$11,685</u>	<u>\$21,520</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Fund Equity:</u>			
<u>Retained Earnings:</u>			
Unreserved	<u>9,835</u>	<u>11,685</u>	<u>21,520</u>
Total Retained Earnings	<u>9,835</u>	<u>11,685</u>	<u>21,520</u>
Total Fund Equity	<u>9,835</u>	<u>11,685</u>	<u>21,520</u>
Total Liabilities and Fund Equity	<u>\$9,835</u>	<u>\$11,685</u>	<u>\$21,520</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Rotary	Employee Benefits Self Insurance	Totals
<u>Operating Revenues:</u>			
Tuition and Fees	\$5,444	\$0	\$5,444
Interfund Charges	0	332	332
Total Operating Revenues	<u>5,444</u>	<u>332</u>	<u>5,776</u>
<u>Operating Expenses:</u>			
Fringe Benefits	0	3,296	3,296
Materials and Supplies	4,580	0	4,580
Other Operating Expenses	1,159	0	1,159
Total Operating Expenses	<u>5,739</u>	<u>3,296</u>	<u>9,035</u>
Operating Loss	(295)	(2,964)	(3,259)
<u>Nonoperating Revenues:</u>			
Investment Earnings	118	60	178
Total Nonoperating Revenues	<u>118</u>	<u>60</u>	<u>178</u>
Net Loss	(177)	(2,904)	(3,081)
Retained Earnings at Beginning of Year	10,012	14,589	24,601
Retained Earnings at End of Year	<u>\$9,835</u>	<u>\$11,685</u>	<u>\$21,520</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Rotary	Employee Benefits Self Insurance	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Tuition and Fee Payments	\$5,444	\$0	\$5,444
Cash Received from Interfund Charges	0	332	332
Cash Payments for Goods and Services	(5,814)	0	(5,814)
Cash Payments to Employees for Services and Benefits	0	(3,296)	(3,296)
Net Cash Used by Operating Activities	<u>(370)</u>	<u>(2,964)</u>	<u>(3,334)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	118	60	178
Net Cash Provided by Investing Activities	<u>118</u>	<u>60</u>	<u>178</u>
Net Decrease in Cash and Cash Equivalents	(252)	(2,904)	(3,156)
Cash and Cash Equivalents at Beginning of Year	<u>10,087</u>	<u>14,589</u>	<u>24,676</u>
Cash and Cash Equivalents at End of Year	<u><u>\$9,835</u></u>	<u><u>\$11,685</u></u>	<u><u>\$21,520</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Loss	(\$295)	(\$2,964)	(\$3,259)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Accounts Payable	<u>(75)</u>	<u>0</u>	<u>(75)</u>
Total Adjustments	<u>(75)</u>	<u>0</u>	<u>(75)</u>
Net Cash Used by Operating Activities	<u><u>(\$370)</u></u>	<u><u>(\$2,964)</u></u>	<u><u>(\$3,334)</u></u>

FIDUCIARY FUND TYPES

Fiduciary fund types are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

EXPENDABLE TRUST FUND

Special Trust Fund

To account for assets held by the District in a trustee capacity to be used for scholarships and staff flow fund, refreshments, etc.

AGENCY FUND

Student Managed Activity Fund

To account for student activity programs which have student participation in the activity and student involvement in the management of the program.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
JUNE 30, 2003

	<u>Expendable Trust Fund</u>	<u>Agency Fund</u>	
	Special Trust	Student Managed Activity	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$33,940	\$34,486	\$68,426
Investments	3,300	0	3,300
Total Assets	<u>\$37,240</u>	<u>\$34,486</u>	<u>\$71,726</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$45	\$0	\$45
Due to Students	0	34,486	34,486
Total Liabilities	<u>45</u>	<u>34,486</u>	<u>34,531</u>
<u>Fund Equity:</u>			
Unreserved	37,195	0	37,195
Total Fund Equity	<u>37,195</u>	<u>0</u>	<u>37,195</u>
Total Liabilities and Fund Equity	<u>\$37,240</u>	<u>\$34,486</u>	<u>\$71,726</u>

HEATH CITY SCHOOL DISTRICT, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$43,670	\$93,582	(\$102,766)	\$34,486
Total Assets	<u>\$43,670</u>	<u>\$93,582</u>	<u>(\$102,766)</u>	<u>\$34,486</u>
Liabilities:				
Due to Students	\$43,670	\$93,582	(\$102,766)	\$34,486
Total Liabilities	<u>\$43,670</u>	<u>\$93,582</u>	<u>(\$102,766)</u>	<u>\$34,486</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
JUNE 30, 2003

General Fixed Assets

Land and Improvements	\$1,422,552
Buildings and Improvements	21,624,054
Machinery and Equipment	2,976,454
Vehicles	<u>683,331</u>
Total General Fixed Assets	<u><u>\$26,706,391</u></u>

Investment in General Fixed Assets from:

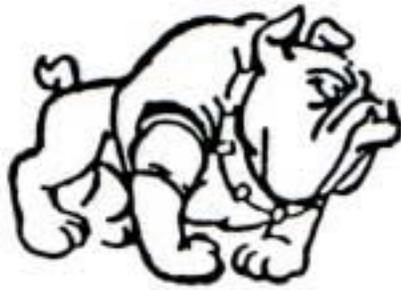
General Fund	\$6,601,288
Special Revenue Fund	379,984
Capital Project Funds	<u>19,725,119</u>
Total Investment in General Fixed Assets	<u><u>\$26,706,391</u></u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
JUNE 30, 2003

Function and Activity	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Vehicles	Total
Instruction	\$344,079	\$21,475,279	\$2,231,565	\$0	\$24,050,923
Support Services:					
Pupils	0	0	107,001	0	107,001
Instructional Staff	0	0	190,293	0	190,293
Administration	1,892	100,000	189,373	0	291,265
Fiscal Services	0	0	1,222	0	1,222
Business	0	0	10,002	0	10,002
Operation and Maintenance of Plant	56,152	0	79,920	46,692	182,764
Pupil Transportation	1,305	32,675	37,081	636,639	707,700
Central	0	0	16,648	0	16,648
Community Service	0	0	3,468	0	3,468
Extracurricular Activities	557,752	16,100	109,881	0	683,733
Facility Acquisition and Improvement	461,372	0	0	0	461,372
Total General Fixed Assets	<u>\$1,422,552</u>	<u>\$21,624,054</u>	<u>\$2,976,454</u>	<u>\$683,331</u>	<u>\$26,706,391</u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Function and Activity	June 30, 2002	Additions	Deletions	June 30, 2003
Instruction	\$21,812,200	\$21,406,008	(\$19,167,285)	\$24,050,923
Support Services:				
Pupils	105,683	1,318	0	107,001
Instructional Staff	190,293	0	0	190,293
Administration	289,865	1,400	0	291,265
Fiscal Services	1,222	0	0	1,222
Business	0	10,002	0	10,002
Operation and Maintenance of Plant	149,005	33,759	0	182,764
Pupil Transportation	668,741	63,310	(24,351)	707,700
Central	10,340	6,308	0	16,648
Community Service	2,468	1,000	0	3,468
Extracurricular Activities	318,134	365,599	0	683,733
Facility Acquisition and Improvement	461,372	0	0	461,372
Total General Fixed Assets	<u>\$24,009,323</u>	<u>\$21,888,704</u>	<u>(\$19,191,636)</u>	<u>\$26,706,391</u>



Heath City School District

STATISTICAL SECTION



Heath City School District

STATISTICAL TABLES

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	Instructional Services	Pupils	Instructional Staff	Board of Education and Administration	Fiscal Services	Business	Operation and Maintenance of Plant	Subtotal
1994 a	\$3,578,046	\$349,984	\$218,906	\$641,105	\$242,199	\$60,937	\$580,060	\$5,671,237
1995 a	3,532,030	404,583	215,835	723,959	304,633	61,902	568,235	5,811,177
1996 a	3,754,054	440,015	228,908	714,478	259,513	74,530	577,162	6,048,660
1997 b	3,904,658	472,098	266,260	749,229	302,810	51,650	604,111	6,350,816
1998 b	3,893,379	427,074	287,335	786,174	314,891	110,929	706,486	6,526,268
1999 b	4,543,627	478,355	286,163	817,381	312,569	16,003	801,530	7,255,628
2000 b	5,007,976	503,357	356,954	915,944	382,453	32,435	810,501	8,009,620
2001 b	5,802,932	540,511	401,606	961,925	333,600	28,461	859,407	8,928,442
2002 b	5,952,355	570,355	421,002	977,438	382,730	17,890	1,008,194	9,329,964
2003 b	6,164,762	606,857	320,171	1,019,189	402,059	29,763	1,111,487	9,654,288

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

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(Continued)

THE HEATH CITY SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	Pupil Transportation	Central	Community Service	Extracurricular Activities	Other	Debt Services	Subtotal Page 2	Total
1994 a	\$188,797	\$14,936	\$2,023	\$170,163	\$0	\$41,034	\$416,953	\$6,088,190
1995 a	167,212	25,368	2,349	172,579	0	39,520	407,028	6,218,205
1996 b	259,467	34,757	1,114	190,348	0	45,841	531,527	6,580,187
1997 b	191,953	41,689	6,788	194,578	3,101	83,495	521,604	6,872,420
1998 b	239,337	46,123	33,909	180,415	3,053	184,632	687,469	7,213,737
1999 b	314,317	137,245	36,787	272,077	197,670	178,118	1,136,214	8,391,842
2000 b	276,831	112,203	50,762	242,938	143,408	220,218	1,046,360	9,055,980
2001 b	448,592	133,836	14,972	305,602	102,249	997,629	2,002,880	10,931,322
2002 b	314,004	162,022	1,326	291,521	67,104	1,264,492	2,100,469	11,430,433
2003 b	430,318	190,127	7,109	369,323	39,287	1,271,098	2,307,262	11,961,550

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Includes Other Expenditures and Capital Outlay

THE HEATH CITY SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Taxes	Tuition and Fees	Investment Earnings	Extracurricular Activities	Intergovernmental Revenues	All Other	Total
1994 a	\$4,506,551	\$14,090	\$32,543	\$43,831	\$102,319	\$1,507,424	\$6,206,758
1995 a	4,750,902	3,867	57,237	67,852	94,244	1,479,097	6,453,199
1996 a	4,877,788	12,333	12,083	63,531	100,185	1,422,011	6,487,931
1997 b	4,865,663	27,614	248	72,583	1,868,239	101,732	6,936,079
1998 b	5,397,330	16,155	91,570	82,074	2,096,273	124,984	7,808,386
1999 b	6,099,304	42,592	73,446	58,642	2,349,206	200,216	8,823,406
2000 b	5,654,331	61,129	76,691	54,117	2,511,861	149,965	8,508,094
2001 b	6,736,729	109,700	102,015	60,091	2,916,421	180,243	10,105,199
2002 b	7,217,229	113,533	30,011	58,882	3,874,413	164,118	11,458,186
2003 b	7,659,918	111,934	15,183	62,599	4,330,570	318,127	12,498,331

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

**THE HEATH CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1993	\$4,423,930	\$4,252,642	\$179,766	\$4,432,408	100.19%	\$498,088	11.26%
1994	5,009,442	4,824,689	409,858	5,234,547	104.49%	628,797	12.55%
1995	5,089,474	5,014,918	181,967	5,196,885	102.11%	346,057	6.80%
1996	5,135,951	4,919,942	135,847	5,055,789	98.44%	321,456	6.26%
1997	5,362,353	5,649,147	86,162	5,735,309	106.96%	186,266	3.47%
1998	5,855,193	5,436,190	198,193	5,634,383	96.23%	228,252	3.90%
1999	6,467,714	5,303,187	104,776	5,407,963	83.61%	1,059,752	16.39%
2000	6,782,280	6,384,904	100,674	6,485,578	95.63%	296,702	4.37%
2001	8,214,783	7,687,500	154,855	7,842,355	95.47%	372,428	4.53%
2002	8,111,945	7,264,837	175,228	7,440,065	91.72%	671,881	8.28%

Source: Licking County Auditor

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993 *	\$103,406,360	\$295,446,743	\$8,127,460	\$8,127,460	\$37,941,710	\$151,766,840	\$149,475,530	\$455,341,043	32.83%
1994	108,987,570	311,393,057	8,314,550	8,314,550	46,991,410	187,965,640	164,293,530	507,673,247	32.36%
1995	112,909,910	322,599,743	8,049,430	8,049,430	46,029,380	184,117,520	166,988,720	514,766,693	32.44%
1996 **	126,591,240	361,689,257	7,860,160	7,860,160	47,552,130	190,208,520	182,003,530	559,757,937	32.51%
1997	132,339,250	378,112,143	7,594,650	7,594,650	47,019,450	188,077,800	186,953,350	573,784,593	32.58%
1998	145,418,700	415,482,000	8,135,630	8,135,630	42,289,650	169,158,600	195,843,980	592,776,230	33.04%
1999 *	169,063,570	483,038,771	7,546,730	7,546,730	44,507,210	178,028,840	221,117,510	668,614,341	33.07%
2000	172,295,770	492,273,629	7,851,500	7,851,500	44,052,160	176,208,640	224,199,430	676,333,769	33.15%
2001	178,918,700	511,196,286	6,389,920	6,389,920	45,300,500	181,202,000	230,609,120	698,788,206	33.00%
2002 **	195,425,090	558,357,400	6,531,640	6,531,640	38,931,420	155,725,680	240,888,150	720,614,720	33.43%

Source: Licking County Auditor
* Reappraisal
** Update

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN CALENDAR YEARS

Tax Year	Heath City School District				City of Heath	Joint Vocational School	Licking County	Total
	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Total				
1993	38.90	0.00	0.00	38.90	3.90	2.00	7.20	52.00
1994	38.90	0.00	0.00	38.90	3.90	2.00	7.20	52.00
1995	38.90	0.00	1.20	40.10	3.90	2.00	6.70	52.70
1996	38.90	0.00	1.20	40.10	3.90	2.00	7.20	53.20
1997	41.90	0.00	1.20	43.10	5.40	2.00	7.20	57.70
1998	41.90	0.00	1.20	43.10	5.40	2.00	7.20	57.70
1999	41.90	0.00	1.20	43.10	5.40	2.00	7.20	57.70
2000	41.90	5.28	1.20	48.38	5.40	2.00	7.20	62.98
2001	41.90	5.12	1.20	48.22	5.40	2.00	7.20	62.82
2002	44.50	4.82	1.20	50.52	5.40	3.00	7.20	66.12

Source: Licking County Auditor
Licking County Treasurer

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003

Net Assessed Valuation	\$240,888,150
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	21,679,934
Applicable District Debt Outstanding	17,604,818
Less: Applicable Debt Service Fund Amounts	<u>(34,979)</u>
Net Indebtedness Subject to Limitation	<u>17,569,839</u>
Overall Legal Debt Margin	<u><u>\$4,110,095</u></u>
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	240,888
Applicable District Debt Outstanding	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$240,888</u></u>
Legal Debt Limitation (%) (1)	0.90%
Legal Debt Limitation (\$) (1)	2,167,993
Applicable District Debt Outstanding	<u>(230,000)</u>
Unvoted Energy Conservation Notes Legal Debt Margin	<u><u>\$1,937,993</u></u>

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2000	8,527	\$221,117,510	\$1,168,350	\$91,824	\$1,076,526	0.49%	\$126.25
2001	8,527	224,199,430	17,423,336	47,890	17,375,446	7.75%	2,037.70
2002	8,527	230,609,120	17,338,411	69,993	17,268,418	7.49%	2,025.15
2003	8,527	240,888,150	17,204,818	34,979	17,169,839	7.13%	2,013.58

NOTE: The District has had no general obligation bonded debt prior to 2000.

(1) City of Heath 2000 Census.

(2) Source: Licking County Auditor

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Tax Debt Service to General Governmental Expenditures
2000	\$0	\$0	\$0	\$9,055,980	0.00%
2001	15,000	751,440	766,440	10,931,322	7.01%
2002	118,350	918,735	1,037,085	11,430,433	9.07%
2003	175,000	912,695	1,087,695	11,961,550	9.09%

NOTE: The District has had no general obligation bonded debt in the six years prior to 2000.

THE HEATH CITY SCHOOL DISTRICT, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
JUNE 30, 2003

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Heath City School District	Amount Applicable to Heath City School District
Direct			
Heath City School District	\$17,569,839	100.00%	\$17,569,839
Overlapping Subdivisions			
City of Heath	6,485,000	94.20%	6,108,870
Licking County	14,921,459	7.90%	1,178,795
		Subtotal	7,287,665
		Total	\$24,857,504
	Total		

Source: Licking County Auditor and Fiscal Officers of Subdivision.

THE HEATH CITY SCHOOL DISTRICT, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Heath City Population (1)	Licking County Population (2)	School Enrollment (3)	Unemployment Rate Licking County (4)
1994	a 7,500	137,417	1,291	5.7%
1995	a 7,650	140,020	1,321	4.8%
1996	a 8,000	142,678	1,369	5.1%
1997	a 8,100	145,384	1,434	3.9%
1998	a 8,100	148,140	1,471	3.8%
1999	a 8,100	150,951	1,535	3.8%
2000	b 8,527	154,520	1,537	3.6%
2001	b 8,527	157,610	1,566	3.2%
2002	b 8,527	145,491	1,619	3.6%
2003	b 8,527	145,491	1,681	4.5%

Source: (1) U.S. Bureau of Census of Population - (a) Estimated 1992 through 1999 (b) City of Heath 2000 Census
(2) Newark Chamber of Commerce
(3) Heath City School District, Board of Education
(4) State Department of Labor

**THE HEATH CITY SCHOOL DISTRICT, OHIO
PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN CALENDAR YEARS**

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1993	32	\$2,844,701	2	\$2,615,000
1994	56	6,245,628	5	6,587,000
1995	53	6,655,138	6	779,286
1996	45	7,037,765	10	5,310,100
1997	28	4,646,240	7	3,645,000
1998	43	5,738,269	15	8,315,306
1999	56	8,326,708	10	8,827,000
2000	49	7,063,709	13	15,440,000
2001	34	5,118,088	9	2,436,000
2002	35	5,414,235	16	12,726,221

Source: City of Heath Building Department

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
PRINCIPAL TAXPAYERS (TANGIBLE PERSONAL PROPERTY TAX)
DECEMBER 31, 2002

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Meritor Automotive, Inc.	Heavy Truck Axles	\$8,625,820	22.16%
2	Kaiser Aluminum and Chemical Corporation	Aluminum Products	5,447,590	13.99%
3	Lowe's	Home Improvement Center	1,991,620	5.11%
4	Wal*Mart Stores, Inc.	Retail Store	1,545,100	3.97%
5	Mathews Ford, Inc.	Automotive Sales and Service	1,368,450	3.51%
6	Koch Materials Company	Manufacturing	1,147,010	2.95%
7	Marathon Ashland Petroleum	Petroleum Products	898,300	2.31%
8	Sears Roebuck & Company	Retail Store	857,220	2.20%
9	JLH Automotive, Inc.	Automotive	816,110	2.10%
10	Newark Chrysler Plymouth	Automobile Retail	790,730	2.03%
		Sub-Total	23,487,950	60.33%
		All Others	15,443,470	39.67%
		Total	<u>\$38,931,420</u>	<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2002

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2002

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Glimcher Properties Limited Partnership	Shopping Mall	\$16,687,060	8.26%
2	Cross Creek Limited Partnership	Shopping Center	3,651,590	1.81%
3	Lowe's	Retail	3,407,820	1.69%
4	Southgate Association Limited Partnership	Shopping Center	3,375,230	1.67%
5	Ohio Power Co.	Utility Company - Electric	3,271,920	1.62%
6	Heathwood Village Ltd Partnership	Apartments	3,097,820	1.53%
7	Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,001,570	1.49%
8	Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,594,060	1.28%
9	Rockwell/Meritor Heavy Vehicle System	Manufacturer	2,526,830	1.25%
10	Alltel Ohio, Inc.	Utility Company - Telephone	2,293,420	1.14%
		Sub-Total	43,907,320	21.74%
		All Others	158,049,410	78.26%
		Total	\$201,956,730	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2002

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

**THE HEATH CITY SCHOOL DISTRICT, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2002**

	Employer	Type of Business	Number of Employees		
			Full Time	Part Time	Total
1	Central Ohio Aerospace and Technology Center	Manufacturing	997	0	997
2	Arvin/Meritor/Rockwell	Manufacturing	638	0	638
3	Kaiser Aluminum and Chemical Corporation	Manufacturing	261	0	261
4	Wal*Mart Stores	Retail Sales	184	65	249
5	Heath Nursing Home	Health Care	182	31	213
6	Krogers	Retail Grocery	124	77	201
7	Lowe's Home Center	Retail Sales	111	74	185
8	Englefield Oil	Petroleum Products	141	29	170
9	Heath City Schools	Education	166	0	166
10	Sears	Retail Sales	52	109	161

Source: City of Heath Income Tax Department

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

THE HEATH CITY SCHOOL DISTRICT, OHIO
MISCELLANEOUS STATISTICS
JUNE 30, 2003

Date of Incorporation	1922
Form of Government	School - Political Subdivision
Area (square miles)	11.29
Miles traveled by Transportation Fleet for the 2002-2003 School Year	134,034
Meals Served by Food Service Department for the 2002-2003 School Year	110,907

<u>School Buildings</u>	<u>Grade Levels</u>	<u>Enrollment</u>
Heath High School	9 - 12	515
Heath Middle School	6 - 8	438
Stevenson Elementary School	3 - 5	365
Garfield Elementary School	K-2	363

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
STAFF STATISTICS
JUNE 30, 2003

Average classroom teacher salary	\$45,101
Average classroom teacher experience	13.36 years
Districtwide student/teacher ratio	16.01 : 1

Certified Staff

Classroom Teachers	105
Instructional Support	5
Administrators and Supervisors	8

Support Staff

Administration	2
Operations	2
Maintenance	9
Transportation	14
Clerical	11
Aides	6
Food Service	17

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
TEACHERS EDUCATION AND EXPERIENCE STATISTICS
JUNE 30, 2003

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	18	17.1%
Bachelor + 15	23	21.9%
Master's Degree	48	45.7%
Master's + 15	9	8.6%
Master's + 30	7	6.7%
Total	105	100.0%

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	34	32.4%
6 - 10	17	16.2%
11 - 15	14	13.3%
16 - 20	9	8.6%
21 - 25	12	11.4%
26 and over	19	18.1%
Total	105	100.0%

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
COST PER PUPIL STATISTICS
LAST TEN YEARS

<u>Fiscal Year</u>	<u>General Governmental Expenditures</u>	<u>Enrollment</u>	<u>Cost per Pupil</u>
1994	\$6,088,190	1,291	\$4,716
1995	6,218,205	1,321	4,707
1996	6,580,187	1,369	4,807
1997	6,872,420	1,434	4,792
1998	7,213,737	1,471	4,904
1999	8,391,842	1,535	5,467
2000	9,055,980	1,537	5,892
2001	10,931,322	1,566	6,980
2002	11,430,433	1,619	7,060
2003	11,961,550	1,681	7,116

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
TRANSPORTATION STATISTICS
JUNE 30, 2003

Number of assigned school buses in fleet	16
Average age of school buses in fleet	12.6
Number of bus drivers	14
Number of miles driven per day	753
Number of miles driven annually	134,034
Average miles per bus	8,377

Students Transported per Day

Public School	1,203
Non-public School	13
Handicapped	21
Preschool	<u>10</u>
Total	1,247
Percent of student enrollment transported	77.0%

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
ENROLLMENT STATISTICS
LAST TEN YEARS

Fiscal Year	K	1	2	3	4	5	6	7	8	9	10	11	12	JVS	Total
1993	87	101	94	105	98	93	110	108	93	91	80	81	106	49	1,296
1994	94	96	94	96	105	101	97	112	100	89	89	86	84	48	1,291
1995	92	99	96	100	99	119	102	103	115	90	85	88	86	47	1,321
1996	86	106	97	101	116	102	128	110	103	121	87	89	78	45	1,369
1997	97	100	103	111	109	129	111	124	102	109	112	95	86	46	1,434
1998	97	113	102	111	127	114	129	119	134	118	113	84	69	41	1,471
1999	98	107	128	101	114	131	127	134	126	140	115	94	80	40	1,535
2000	110	121	108	143	107	111	137	128	127	127	121	80	78	39	1,537
2001	109	124	132	100	155	112	115	143	122	121	125	85	72	51	1,566
2002	114	117	121	130	106	154	128	128	148	126	123	85	82	57	1,619
2003	111	130	122	115	134	116	158	145	135	158	120	89	90	58	1,681

Source: District Treasurer's Office



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 8, 2004**