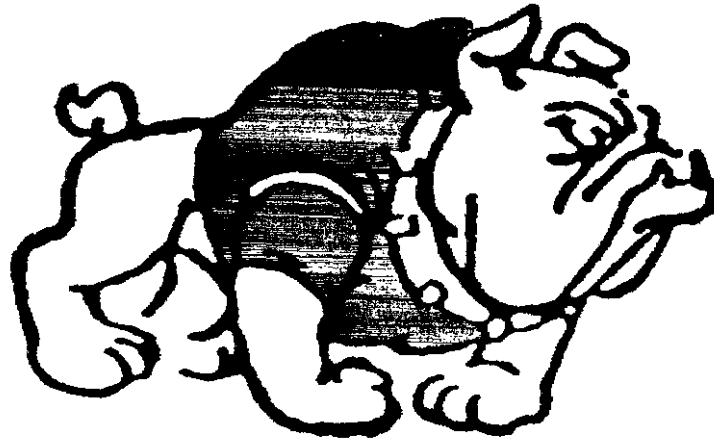


Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 1999



HEATH CITY SCHOOL DISTRICT

**Board of Education
Heath City School District
Heath, Ohio**

HEATH CITY
SCHOOL DISTRICT

LICKING COUNTY, OHIO

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Prepared by:
Mr. Bradley T. Hall
Treasurer

TABLE OF CONTENTS

HEATH CITY SCHOOL DISTRICT LICKING COUNTY, OHIO

I

INTRODUCTORY SECTION

A	Letter of Transmittal	v
B	List of Principal Officials	xiii
C	School District Organizational Chart	xiv

II

FINANCIAL SECTION

A	REPORT OF INDEPENDENT ACCOUNTANTS	1
B	GENERAL PURPOSE FINANCIAL STATEMENTS	
	Combined Financial Statements - Overview	
	Combined Balance Sheet All Fund Types and Account Groups	4
	Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Fund	7
	Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types	8
	Combined Statement of Revenues, Expenses and Changes in Retained Earnings All Proprietary Fund Types	10
	Combined Statement of Cash Flows All Proprietary Fund Types	11
	Notes to the General Purpose Financial Statements	12

C	COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES	
	General Fund	
	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)	38
	Special Revenue Funds	
	Combining Balance Sheet	44
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	47
	Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis)	
	Public School Support Fund	50
	Other Grants Fund	51
	District Managed Student Activity Fund	52
	Auxiliary Services Fund	53
	Career Development Fund	54
	Teacher Development Fund	55
	Management Information System Fund	56
	Data Communication Fund	57
	Textbook/Instructional Materials Subsidy Fund	58
	Miscellaneous State Grants Fund	59
	Title VI-B Fund	60
	Vocational Education Fund	61
	Title I Fund	62
	Title VI Fund	63
	Drug Free Grant Fund	64
	Telecommunications Fund	65
	Other Federal Grants Fund	66

Capital Projects Funds	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis)	
Permanent Improvement Fund	70
Vocational Education Equipment Fund	71
SchoolNet Plus Fund	72
Enterprise Funds	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	75
Combining Statement of Cash Flows	76
Internal Service Funds	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	79
Combining Statement of Cash Flows	80
Fiduciary Funds	
Combining Balance Sheet	82
Statement of Changes in Assets and Liabilities - Agency Fund	83
General Fixed Assets Account Group	
Schedule of General Fixed Assets by Source	85
Schedule of General Fixed Assets by Category	86
Schedule of Changes in General Fixed Assets by Function and Activity	87

III**STATISTICAL SECTION**

General Governmental Expenditures by Function - Last Ten Years	90
General Governmental Revenues By Source - Last Ten Years	92
Property Tax Levies and Collections - Last Ten Calendar Years	93
Assessed Valuations and Estimated True Values of Taxable Property - Last Ten Calendar Years	94
Property Tax Rates - Direct and Overlapping Governments - Last Ten Calendar Years	95
Computation of Legal Debt Margin	96
Computation of All Direct and Overlapping Governmental Debt	97
Demographic Statistics - Last Ten Years	98
Property Value and Construction Permits - Last Ten Calendar Years	99
Principal Taxpayers (Tangible Personal Property Tax)	100
Principal Taxpayers (Real Property and Public Utility Personal Property Tax)	101
Principal Employers	102
Miscellaneous Statistics	103
Staff Statistics	104
Teachers Education and Experience Statistics	105
Cost Per Pupil Statistics - Last Ten Years	106
Transportation Statistics	107
Enrollment Statistics - Last Ten Years	108

INTRODUCTORY SECTION

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, 1999

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, 1999 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 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 8,100 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.

It has a diversified commercial and industrial base with property tax valuation of over \$73 million. Heath has become the center of commercial growth in Licking County. The last twelve years have seen the construction of the Cross Creek Shopping Center, the Indian Mound Mall (a regional shopping mall drawing shoppers from a fifty-mile radius), and the complete renovation of the Southgate Shopping Center. Industrial employment is expected to remain relatively constant.

In addition to the commercial growth, the District has experienced a similar growth in the number of housing units. Ten new subdivisions, Willow Ridge, River Oaks, Indian Mills, Sycamore Meadows, Ramp Creek, The Woodlands, Fox Run Meadows, Hopewell Commons, Hopewell Heights and Northbrooke Estates have been started in the last seven years. In 1998 (the latest information available), Heath added 42 single family homes, 40 manufactured homes and 44 condominiums.

The District's tax base has shown growth in real estate values every year for the last 10 years. Tax collection rates are excellent, experiencing delinquent taxes of less than 4% for the past several 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 three year projection plan and has now converted to 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 1999, the District focused on the continuing growth in student enrollment. To address the need for additional classrooms, as well as the social and academic needs of the students, the District was realigned as follows; Garfield, Grades K-2; Stevenson, Grades 3-5; Fulton, Grades 6-8 and Heath High School, Grades 9-12. The District continues to evaluate bus routes for efficiency and service and added a new school bus to its fleet. In February 1998, the District notified the Licking County Board of Education that it would not be extending the lease at Stevenson Elementary School, which the County had been using to house a preschool. The Board of Education created the Beyond 2000 Task Force in 1998 for the purpose of studying the existing District facilities and making recommendations to the Board regarding additions and upgrades. The Task Force consisted entirely of Heath residents, nominated by the Administration and Board members.

In 1995, voters passed a 1.2 mill permanent levy to provide funds for incorporating technology into the curriculum. In fiscal year 1999, the District continued with the implementation of the Technology Plan by purchasing approximately 50 new computers for the schools and hiring a district technology coordinator for this newly created position.

The District continues to utilize the State Model Curriculum. To keep current with the State Model, the District has implemented a five year cycle for reviewing and updating courses and purchasing new textbooks. During the 1999 school year, the courses reviewed were Language Arts, Music and Special Education (ASDO) and the new textbooks purchased were for Mathematics, Foreign Language and Special Education.

Future:

In addition to the study by the Beyond 2000 Task Force, HRJL Architects of Newark were selected to study the District's facility needs. HRJL concluded that a new high school built on the current high school site was needed and the existing high school would best serve the District as a middle school. In addition, the use of Fulton Elementary School should be discontinued and Garfield and Stevenson Elementaries both need expansion and renovation. Other recommendations included improvements to parking, access to buildings, improvements to athletic facilities and construction of a new bus garage. The District will place a bond issue on the March 2000 ballot to fund these projects. Concurrently, a 3-mill replacement levy, which will expire in December 1999, will be placed on the ballot to maintain the current level of operations.

Curriculum plans for the future include:

- Continue implementation of Technology Plan and State Model Curriculum.
- Review academic courses at the high school and implement an eight period day.
- Expand to 5 sections of Kindergarten and 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.
- Prepare district wide mapping of Proficiency outcomes.
- Implement Accelerated Reader Program in Grades K-8.

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:

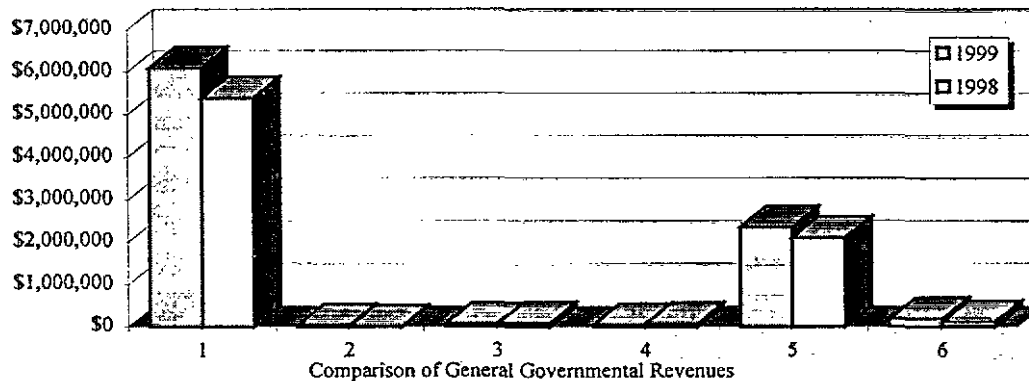
1. A tax budget of estimated cash receipts and disbursements is submitted to the county auditor as secretary of the county budget commission by January 20 of each year for the fiscal year commencing the following July 1. The District’s Board of Education (the Board) adopts the tax budget at its January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

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, 1999 and the percentage increase/(decrease) over revenues for fiscal year 1998:

Revenues	1999 Amount	Percent of Total	1998 Amount	Percentage Increase (Decrease)
1 Taxes	\$6,099,304	69.13%	\$5,397,330	13.01%
2 Tuition and Fees	42,592	0.48%	16,155	163.65%
3 Investment Earnings	73,446	0.84%	91,570	(19.79%)
4 Extracurricular Activities	58,642	0.66%	82,074	(28.55%)
5 Intergovernmental Revenues	2,349,206	26.62%	2,096,273	12.07%
6 All Other	200,216	2.27%	124,984	60.19%
Total	\$8,823,406	100.00%	\$7,808,386	



Tax revenues, the District's major source of revenue, account for approximately 69.13% of total general governmental revenues. Two factors contributed to the increase in tax revenues in 1999. First, there was an overall increase in the valuation of property within the District and second, 1999 is the first year that reflects a full year of collections from the 3.10 mill levy that was passed in 1997.

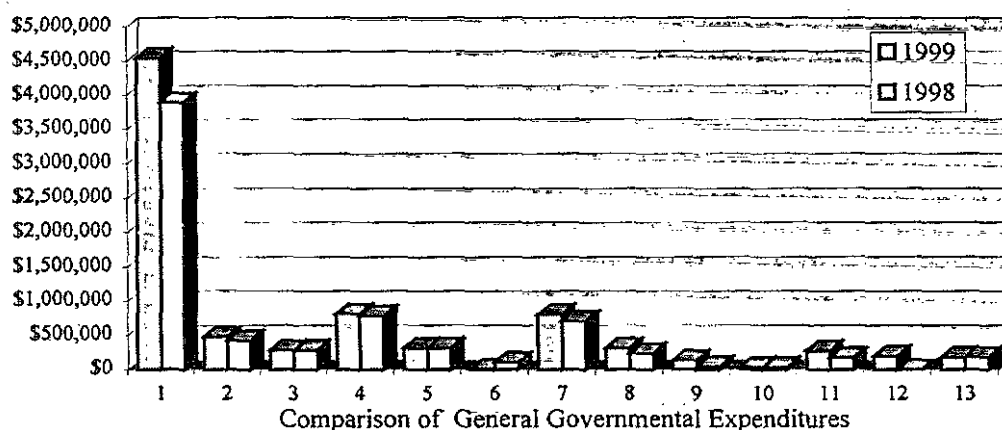
Investment earnings decreased because less District funds were available for investment.

Extracurricular Activities decreased because a "pay for play" fee in effect during fiscal year 1998, was rescinded in 1999.

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 20 provides a more comprehensive discussion of the school funding issue. The Foundation revenue increased by over \$200,000 in 1999.

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, 1999 and the percentage increase/(decrease) over expenditures for fiscal year 1998:

Expenditures	1999 Amount	Percent of Total	1998 Amount	Percentage Increase (Decrease)
1 Instructional Services	\$4,543,627	54.14%	\$3,893,379	16.70%
2 Pupils	478,355	5.70%	427,074	12.01%
3 Instructional Staff	286,163	3.41%	287,335	(0.41%)
4 Board of Education / Administration	817,381	9.74%	786,174	3.97%
5 Fiscal Services	312,569	3.72%	314,891	(0.74%)
6 Business	16,003	0.19%	110,929	(85.57%)
7 Operation and Maintenance of Plant	801,530	9.55%	706,486	13.45%
8 Pupil Transportation Services	314,317	3.75%	239,337	31.33%
9 Central	137,245	1.64%	46,123	197.56%
10 Community Services	36,787	0.44%	33,909	8.49%
11 Extracurricular Activities	272,077	3.24%	180,415	50.81%
12 Other Expenditures	197,670	2.36%	3,053	6374.62%
13 Debt Services	178,118	2.12%	184,632	(3.53%)
Total	\$8,391,842	100.00%	\$7,213,737	



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 in expenditures in the general governmental function is attributable to a 13% increase in personnel costs, which is a result of wage increases and increases in personnel staffing levels.

Business expenditures were higher in 1998 because several new copiers were leased that year.

The purchase of a new school bus in 1999 generated the increased Pupil Transportation Services.

In 1999, a new technical coordinator position was established as part of the Central Support Services function. The added wages, materials, supplies and purchased services of this newly created position accounts for the increase.

Extracurricular Activities expenditures increase because the supplemental contracts for coaches, etc., which had not been increased in several years were increased up to 50% in fiscal year 1999.

Other expenditures in 1999 include site improvements expended from the General Fund which were not expended in 1998.

Enterprise Operations: -- The District's enterprise operations are comprised of Food Service and Uniform School Supply. On a combined basis for fiscal year 1999, the Enterprise Funds generated revenues of \$290,402 and expenses of \$388,231.

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, 1999 was as follows:

Overall Legal Debt Margin	\$17,625,958
Unvoted Legal Debt Margin	195,844

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 16 of the general purpose financial statements included within the financial section of this report.

OTHER INFORMATION

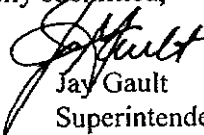
INDEPENDENT AUDIT – This report includes an unqualified audit report regarding the District's financial statements. The audit was conducted by Jones, Cochenour & Company. The Independent Auditor's Report on the general purpose financial statements is included in the financial section of this report.

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. We believe this, our first 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. and to the staff of Jones, Cochenour & Company 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

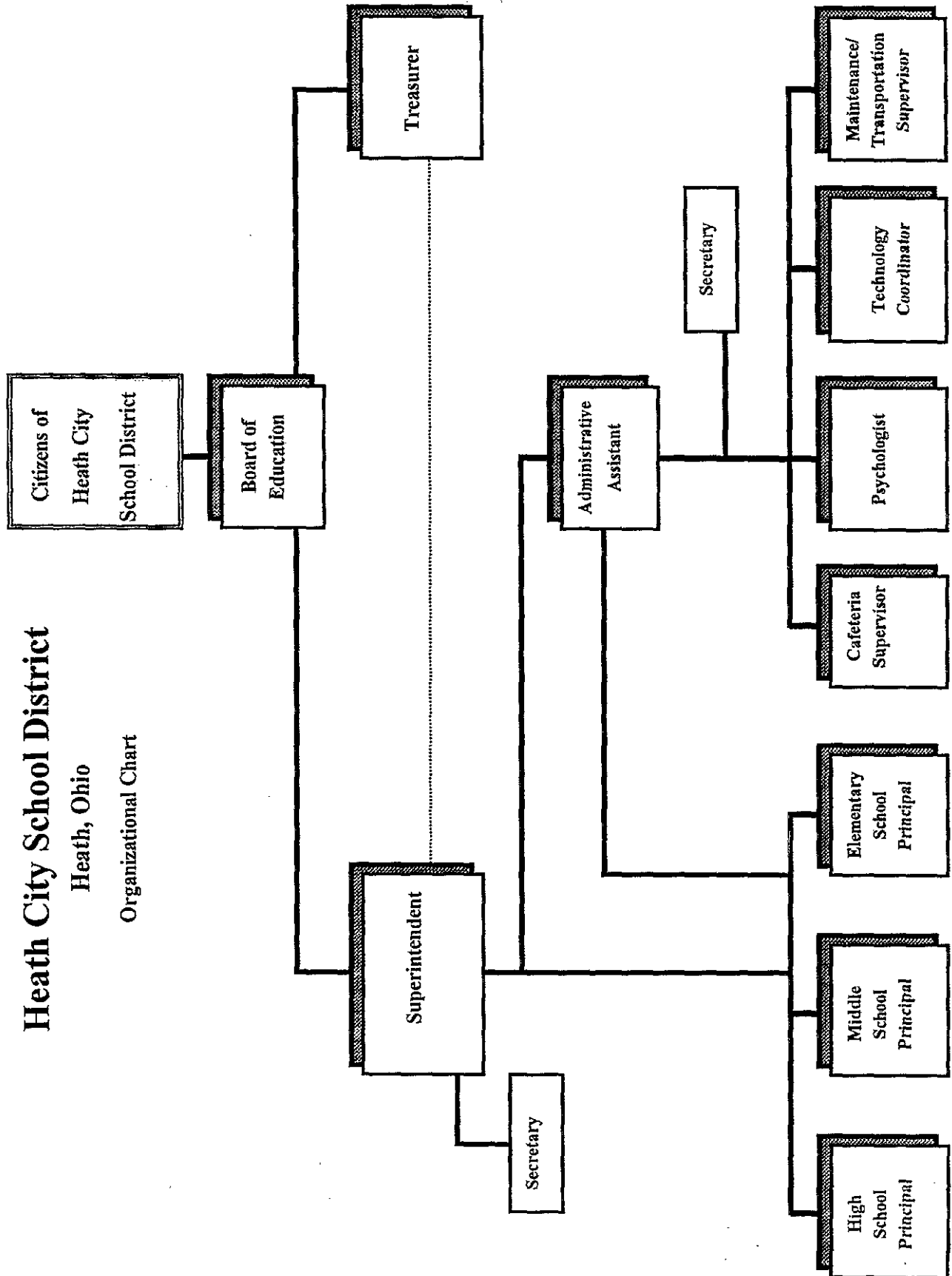
**HEATH CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS
SHOWING YEARS OF SERVICE
JUNE 30, 1999**

<u>NAME</u>	<u>TITLE</u>	<u>YEARS OF SERVICE</u>	
		<u>Position</u>	<u>Total</u>
<u>Board of Education</u>			
Ms. Cynthia Levering-Berk	President	8	
Mr. James Roberts	Vice President	2	
Mr. Lloyd Corbin	Member	4	
Mr. James Bowers	Member	2	
Dr. Michael Gentry	Member	2	
<u>Administration</u>			
Mrs. Valerie R. Bailey	Superintendent	2.5	30
Mr. Bradley T. Hall	Treasurer	4.5	19
Mr. Jay M. Gault	Administrative Assistant	0	15

Heath City School District

Heath, Ohio

Organizational Chart



FINANCIAL SECTION



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Board of Education
Heath City School District
Heath, Ohio

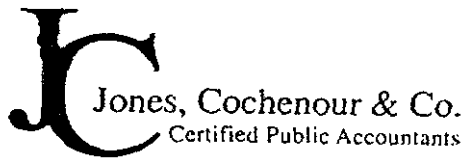
We have reviewed the Independent Auditor's Report of the Heath City School District, Licking County, prepared by Jones, Cochenour & Co., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised 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.



JIM PETRO
Auditor of State

January 5, 2000



INDEPENDENT AUDITORS' REPORT

Board of Education
Heath City School District
Heath, Ohio

We have audited the accompanying general purpose financial statements of the Heath City School District, as of and for the year ended June 30, 1999, 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 generally accepted auditing standards 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 general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

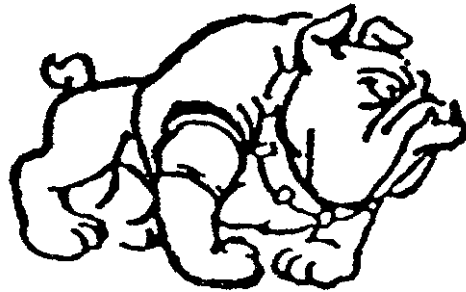
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the school district, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 1999 on our consideration of the school district's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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 statistical section of this report and therefore express no opinion thereon.

Jones, Cochenour & Co.
October 22, 1999



HEATH CITY SCHOOL DISTRICT

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, 1999, THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.

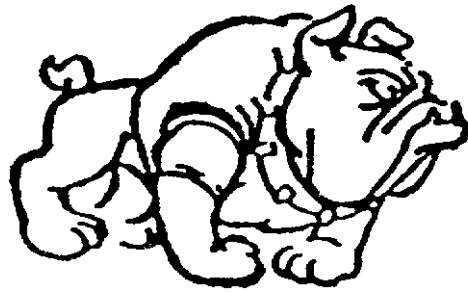
**HEATH CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General	Special	Debt	Capital
	Fund	Revenue	Service	Projects
	Funds	Funds	Fund	Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$708,219	\$160,733	\$36,429	\$195,690
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	5,113,557	0	646,977	208,351
Interfund Loan Receivable	9,810	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	3,422	0	0	0
Restricted Cash and Cash Equivalents	207,634	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	\$6,042,642	\$160,733	\$683,406	\$404,041
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$156,318	\$7,247	\$0	\$2,637
Accrued Wages and Benefits	584,885	10,749	0	0
Interfund Loan Payable	0	9,000	0	0
Due to Other Funds	1,300	0	0	0
Intergovernmental Payables	159,223	51	0	0
Due to Students	0	0	0	0
Deferred Revenue - Taxes	4,195,057	0	619,477	199,351
Deferred Revenue	0	0	0	0
Capital Lease Payable	0	0	0	0
Compensated Absences Payable	19,083	0	0	0
Long-Term Notes Payable	0	0	0	0
Total Liabilities	5,115,866	27,047	619,477	201,988
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	49,197	25,628	0	298
Reserved for Property Taxes	1,328,700	0	27,500	9,000
Statutory Reserves	207,634	0	0	0
Reserved for Prepaid Items	3,422	0	0	0
Reserved for Debt Service	0	0	36,429	0
Unreserved:				
Undesignated	(662,177)	108,058	0	192,755
Total Equity and Other Credits	926,776	133,686	63,929	202,053
Total Liabilities, Equity and Other Credits	\$6,042,642	\$160,733	\$683,406	\$404,041

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, 1999

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>		<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations		
\$105,689	\$7,193	\$46,048	\$0	\$0	\$1,260,001	
0	0	3,300	0	0	3,300	
0	0	0	0	0	5,968,885	
0	0	0	0	0	9,810	
1,300	0	0	0	0	1,300	
6,475	0	0	0	0	6,475	
0	0	0	0	0	3,422	
0	0	0	0	0	207,634	
37,752	0	0	6,123,061	0	6,160,813	
0	0	0	0	36,429	36,429	
0	0	0	0	2,193,096	2,193,096	
\$151,216	\$7,193	\$49,348	\$6,123,061	\$2,229,525	\$15,851,165	
\$1,189	\$0	\$85	\$0	\$0	\$167,476	
16,507	0	0	0	0	612,141	
775	0	35	0	0	9,810	
0	0	0	0	0	1,300	
22,396	11	0	0	56,536	238,217	
0	0	42,276	0	0	42,276	
0	0	0	0	0	5,013,885	
2,394	0	0	0	0	2,394	
0	0	0	0	64,087	64,087	
11,082	0	0	0	803,902	834,067	
0	0	0	0	1,305,000	1,305,000	
54,343	11	42,396	0	2,229,525	8,290,653	
0	0	0	6,123,061	0	6,123,061	
23,119	0	0	0	0	23,119	
73,754	7,182	0	0	0	80,936	
0	0	0	0	0	75,123	
0	0	0	0	0	1,365,200	
0	0	0	0	0	207,634	
0	0	0	0	0	3,422	
0	0	0	0	0	36,429	
0	0	6,952	0	0	(354,412)	
96,873	7,182	6,952	6,123,061	0	7,560,512	
\$151,216	\$7,193	\$49,348	\$6,123,061	\$2,229,525	\$15,851,165	



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, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$5,582,379	\$0	\$516,925	\$56,819	\$0	\$6,156,123
Tuition	42,592	0	0	0	0	42,592
Investment Earnings	73,315	131	0	29,478	214	103,138
Extracurricular Activities	0	58,642	0	0	0	58,642
Intergovernmental - State	2,142,316	81,996	0	60,600	0	2,284,912
Intergovernmental - Federal	3,399	121,495	0	0	0	124,894
All Other Revenues	110,094	89,664	458	745	2,772	203,733
Total Revenues	7,954,095	351,928	517,383	147,642	2,986	8,974,034
Expenditures:						
Current:						
Instruction	4,452,982	90,645	0	179,926	2,329	4,725,882
Supporting Services:						
Pupils	421,914	56,441	0	0	0	478,355
Instructional Staff	226,020	60,143	0	0	0	286,163
Board of Education	16,922	0	0	0	0	16,922
Administration	796,266	4,193	0	0	0	800,459
Fiscal Services	310,917	1,652	0	4,021	0	316,590
Business	15,978	25	0	0	0	16,003
Operation and Maintenance of Plant	801,530	0	0	117,690	0	919,220
Pupil Transportation	314,317	0	0	0	0	314,317
Central	137,245	0	0	0	2,765	140,010
Community Services	0	36,787	0	0	0	36,787
Extracurricular Activities	178,909	93,168	0	0	0	272,077
Other Expenditures	28,957	0	0	0	0	28,957
Capital Outlay	168,713	0	0	0	0	168,713
Debt Service:						
Principal Retirements	0	0	130,000	0	0	130,000
Interest and Fiscal Charges	0	0	48,118	17,115	0	65,233
Total Expenditures	7,870,670	343,054	178,118	318,752	5,094	8,715,688
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	83,425	8,874	339,265	(171,110)	(2,108)	258,346
Other Financing Sources (Uses):						
Proceeds of Long-Term Notes	400,000	0	0	0	0	400,000
Operating Transfers In	0	0	0	479,154	0	479,154
Operating Transfers Out	0	0	(479,154)	0	0	(479,154)
Total Other Financing Sources (Uses)	400,000	0	(479,154)	479,154	0	400,000
Excess (Deficiency) of Revenues						
and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	483,425	8,874	(139,889)	308,044	(2,108)	658,346
Fund Balance (Deficit) Beginning of Year	443,351	124,812	203,818	(105,991)	9,060	675,050
Fund Balance End of Year	\$926,776	\$133,686	\$63,929	\$202,053	\$6,952	\$1,333,396

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, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$5,074,109	\$5,074,079	(\$30)	\$0	\$0	\$0
Tuition	42,625	42,592	(33)	0	0	0
Investment Earnings	74,637	74,615	(22)	135	131	(4)
Extracurricular Activities	0	0	0	58,650	58,642	(8)
Intergovernmental - State	2,142,725	2,142,316	(409)	82,024	81,996	(28)
Intergovernmental - Federal	3,400	3,399	(1)	122,708	121,495	(1,213)
All Other Revenues	111,151	110,094	(1,057)	85,809	89,664	3,855
Total Revenues	7,448,647	7,447,095	(1,552)	349,326	351,928	2,602
Expenditures:						
Current:						
Instruction	4,551,995	4,479,133	72,862	96,427	85,996	10,431
Supporting Services:						
Pupils	430,437	416,278	14,159	83,963	58,626	25,337
Instructional Staff	268,099	255,539	12,560	72,330	58,462	13,868
Board of Education	17,762	17,022	740	0	0	0
Administration	905,657	865,811	39,846	4,322	4,193	129
Fiscal Services	324,273	310,999	13,274	1,652	1,652	0
Business	20,723	16,375	4,348	75	25	50
Operation and Maintenance of Plant	897,285	830,820	66,465	0	0	0
Pupil Transportation	340,476	318,374	22,102	0	0	0
Central	142,883	133,982	8,901	18,591	16,930	1,661
Community Services	0	0	0	59,422	37,347	22,075
Extracurricular Activities	180,108	176,858	3,250	99,391	99,249	142
Other Expenditures	29,799	29,089	710	0	0	0
Capital Outlay	149,897	149,871	26	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	8,259,394	8,000,151	259,243	436,173	362,480	73,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	(810,747)	(553,056)	257,691	(86,847)	(10,552)	76,295
Other Financing Sources (Uses):						
Proceeds of Notes	400,000	400,000	0	0	0	0
Proceeds of Long-Term Notes	400,000	400,000	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(400,000)	(400,000)	0	0	0	0
Advances In	25,000	25,000	0	9,000	9,000	0
Advances Out	(35,000)	(34,810)	190	0	0	0
Total Other Financing Sources (Uses)	390,000	390,190	190	9,000	9,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(420,747)	(162,866)	257,881	(77,847)	(1,552)	76,295
Fund Balance at Beginning of Year	768,765	768,765	0	127,396	127,396	0
Prior Year Encumbrances	114,060	114,060	0	8,266	8,266	0
Fund Balance at End of Year	\$462,078	\$719,959	\$257,881	\$57,815	\$134,110	\$76,295

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, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Fund</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$501,175	\$489,425	(\$11,750)	\$62,700	\$62,619	(\$81)	\$5,637,984	\$5,626,123	(\$11,861)
0	0	0	0	0	0	42,625	42,592	(33)
0	0	0	29,500	29,478	(22)	104,272	104,224	(48)
0	0	0	0	0	0	58,650	58,642	(8)
0	0	0	60,614	60,600	(14)	2,285,363	2,284,912	(451)
0	0	0	0	0	0	126,108	124,894	(1,214)
458	458	0	750	745	(5)	198,168	200,961	2,793
501,633	489,883	(11,750)	153,564	153,442	(122)	8,453,170	8,442,348	(10,822)
0	0	0	356,581	216,196	140,385	5,005,003	4,781,325	223,678
0	0	0	0	0	0	514,400	474,904	39,496
0	0	0	0	0	0	340,429	314,001	26,428
0	0	0	0	0	0	17,762	17,022	740
0	0	0	0	0	0	909,979	870,004	39,975
0	0	0	4,021	4,021	0	329,946	316,672	13,274
0	0	0	0	0	0	20,798	16,400	4,398
0	0	0	141,200	138,190	3,010	1,038,485	969,010	69,475
0	0	0	0	0	0	340,476	318,374	22,102
0	0	0	0	0	0	161,474	150,912	10,562
0	0	0	0	0	0	59,422	37,347	22,075
0	0	0	0	0	0	279,499	276,107	3,392
0	0	0	0	0	0	29,799	29,089	710
0	0	0	0	0	0	149,897	149,871	26
980,000	980,000	0	0	0	0	980,000	980,000	0
77,272	77,272	0	0	0	0	77,272	77,272	0
1,057,272	1,057,272	0	501,802	358,407	143,395	10,254,641	9,778,310	476,331
(555,639)	(567,389)	(11,750)	(348,238)	(204,965)	143,273	(1,801,471)	(1,335,962)	465,509
0	0	0	0	0	0	400,000	400,000	0
0	0	0	0	0	0	400,000	400,000	0
400,000	400,000	0	0	0	0	400,000	400,000	0
0	0	0	0	0	0	(400,000)	(400,000)	0
0	0	0	0	0	0	34,000	34,000	0
0	0	0	0	0	0	(35,000)	(34,810)	190
400,000	400,000	0	0	0	0	799,000	799,190	190
(155,639)	(167,389)	(11,750)	(348,238)	(204,965)	143,273	(1,002,471)	(536,772)	465,699
203,818	203,818	0	265,229	265,229	0	1,365,208	1,365,208	0
0	0	0	129,445	129,445	0	251,771	251,771	0
\$48,179	\$36,429	(\$11,750)	\$46,436	\$189,709	\$143,273	\$614,508	\$1,080,207	\$465,699

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, 1999

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Tuition and Fees	\$54,019	\$5,485	\$59,504
Sales	236,383	0	236,383
Interfund Charges	0	100,484	100,484
Total Operating Revenues	290,402	105,969	396,371
<u>Operating Expenses:</u>			
Salaries and Wages	118,198	0	118,198
Fringe Benefits	61,268	28,917	90,185
Contractual Services	2,336	0	2,336
Materials and Supplies	199,529	2,298	201,827
Depreciation	6,097	0	6,097
Other Operating Expenses	803	3,411	4,214
Total Operating Expenses	388,231	34,626	422,857
Operating Income (Loss)	(97,829)	71,343	(26,486)
<u>Non-Operating Revenues:</u>			
Operating Grants	61,634	0	61,634
Federally Donated Commodities	19,660	0	19,660
Investment Earnings	1,300	1,010	2,310
Miscellaneous	4,224	0	4,224
Total Non-Operating Revenues	86,818	1,010	87,828
Net Income (Loss)	(11,011)	72,353	61,342
Retained Earnings (Accumulated Deficit) at Beginning of Year	84,765	(65,171)	19,594
Retained Earnings at End of Year	\$73,754	\$7,182	\$80,936

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, 1999

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$240,607	\$5,485	\$246,092
Cash Received from Tuition and Fee Payments	54,019	0	54,019
Cash Received from Interfund Charges	0	100,484	100,484
Cash Payments for Goods and Services	(182,375)	(5,713)	(188,088)
Cash Payments to Employees for Services and Benefits	(176,309)	(163,783)	(340,092)
Net Cash Used by Operating Activities	<u>(64,058)</u>	<u>(63,527)</u>	<u>(127,585)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	61,634	0	61,634
Advance from General Fund	775	0	775
Net Cash Provided by Noncapital Financing Activities	<u>62,409</u>	<u>0</u>	<u>62,409</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	1,010	1,010
Net Cash Provided by Investing Activities	<u>0</u>	<u>1,010</u>	<u>1,010</u>
Net Decrease in Cash and Cash Equivalents	(1,649)	(62,517)	(64,166)
Cash and Cash Equivalents at Beginning of Year	107,338	69,710	177,048
Cash and Cash Equivalents at End of Year	<u>\$105,689</u>	<u>\$7,193</u>	<u>\$112,882</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Income (Loss)	(\$97,829)	\$71,343	(\$26,486)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Miscellaneous Non-operating Income	4,224	0	4,224
Depreciation Expense	6,097	0	6,097
Donated Commodities Used During the Year	19,660	0	19,660
Changes in Assets and Liabilities:			
Increase in Inventory	(1,210)	0	(1,210)
Increase in Accounts Payable	1,101	0	1,101
Increase in Accrued Wages and Benefits	1,572	0	1,572
Decrease in Intergovernmental Payables	(352)	(4)	(356)
Increase in Deferred Revenue	742	0	742
Decrease in Claims Payable	0	(134,866)	(134,866)
Increase in Compensated Absences	1,937	0	1,937
Total Adjustments	<u>33,771</u>	<u>(134,870)</u>	<u>(101,099)</u>
Net Cash Used by Operating Activities	<u>(\$64,058)</u>	<u>(\$63,527)</u>	<u>(\$127,585)</u>

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, 1999

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 56 noncertified and approximately 108 certified teaching personnel and administrative employees providing education to 1,531 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, 1999, and which are not intended to finance fiscal 1999 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, 1999 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 object level within each department by fund. 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 1999.

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, department and object 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 with approval of the Board. 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 objects within a department. 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.

HEATH CITY SCHOOL DISTRICT, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

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)	\$483,425	\$8,874	(\$139,889)	\$308,044
Increase (Decrease):				
Accrued Revenues at June 30, 1999, received during FY 2000	(928,310)	0	(27,500)	(9,000)
Accrued Revenues at June 30, 1998, received during FY 1999	410,200	0	0	14,800
Accrued Expenditures at June 30, 1999, paid during FY 2000	920,809	27,047	0	2,637
Accrued Expenditures at June 30, 1998, paid during FY 1999	(852,954)	(10,850)	0	(65,465)
FY 1998 Prepaids for FY 1999	3,280	0	0	0
FY 1999 Prepaids for FY 2000	(3,422)	0	0	0
Retirement of Notes	0	0	0	(450,000)
Encumbrances Outstanding	(195,894)	(26,623)	0	(5,981)
Budget Basis	<u>(\$162,866)</u>	<u>(\$1,552)</u>	<u>(\$167,389)</u>	<u>(\$204,965)</u>

E. Cash and Cash Equivalents

During fiscal year 1999, 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 4, 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 1999. 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, 1999. See Note 4, Cash, Cash Equivalents and Investments.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds 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:

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

I. Long-Term Obligations

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

Obligation	Fund
Long-term Notes Payable	General Obligation Bond Retirement Fund
Compensated Absences	General Fund, Food Services Fund
Capital Leases 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.

K. Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. This reserve is required by state statute.

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 - PRIOR PERIOD ADJUSTMENTS

The fund balance of the General Fund as of July 1, 1998 has been restated from amounts previously reported. In prior years, the District recognized pension expenditures as a fund liability. With the implementation of GASB 27, the District began reporting only that portion of the pension obligation that uses current expendable financial resources as a fund liability. The remaining portion is reported in the General Long-Term Obligations Account Group. This change also affected the beginning balance of the General Long-Term Obligations Account Group. The restatement resulted in adjustments to June 30, 1998 account balances as follows:

General Fund	
Fund Balance 6/30/98 (as reported)	\$389,753
Pension Obligation	53,598
Fund Balance 6/30/98 (restated)	<u>\$443,351</u>
General Long-Term Obligations Account Group	
General Long-Term Obligation 6/30/98 (as reported)	\$1,850,341
Pension Obligation	53,598
General Long-Term Obligations 6/30/98 (restated)	<u>\$1,903,939</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficit at June 30, 1999 of \$2,228 in the District Managed Student Activity Fund (special revenue) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures on the budgetary basis. A deficit does not exist under the cash basis of accounting.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

- 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).

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 110% of the carrying value of all public 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.

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

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

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 an overdraft of \$49,297 and the bank balance was \$128,869. Federal Deposit Insurance Corporation (FDIC) insured \$100,000 of the bank balance; the remaining deposits are classified as Category 3.

B. Investments

The District's investments at June 30, 1999 were as follows:

	<u>Category 2</u>	<u>Fair Value</u>
Categorized Investments		
Repurchase Agreements	\$174,272	\$174,272
Noncategorized Investments		
STAR Ohio	N/A	1,345,960
Total Investments	<u>\$174,272</u>	<u>\$1,520,232</u>

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	\$1,467,635	\$3,300
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(174,272)	174,272
STAR Ohio	(1,345,960)	1,345,960
Per GASB Statement No. 3	<u>(\$49,297)</u>	<u>\$1,520,232</u>

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 5 - 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 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, 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 1993, and equalization adjustments were made in 1996. 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.

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 1999, upon which the 1998 levies were based, were as follows:

	Assessed Values for Collection in:	
	1998 Second Half	1999 First Half
Agricultural/Residential and Other Real Estate	\$132,339,250	\$145,418,700
Public Utility Personal	7,594,650	8,135,630
Tangible Personal Property	47,019,450	42,289,650
Total Assessed Value	<u>\$186,953,350</u>	<u>\$195,843,980</u>
Tax rate per \$1,000 of assessed valuation	\$43.10	\$43.10

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes receivables.

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 7 - INTERFUND RECEIVABLE AND PAYABLES

The composition of interfund balances as of June 30, 1999, is as follows:

A. Interfund Loans Receivable/Payable

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Receivable</u>
General Fund	\$9,810	\$0
Special Revenue Fund:		
Student Activity Fund	0	9,000
Enterprise Fund:		
Uniform School Supply Fund	0	775
Agency Fund:		
Student Managed Activity Fund	0	35
Totals	<u>\$9,810</u>	<u>\$9,810</u>

B. Due to/from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$0	\$1,300
Enterprise Fund:		
Food Service Fund	1,300	0
Totals	<u>\$1,300</u>	<u>\$1,300</u>

NOTE 8 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 1999:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Debt Service Fund:		
Bond Retirement Fund	\$0	\$479,154
Capital Projects Fund:		
Permanent Improvement Fund	479,154	0
Total All Funds	<u>\$479,154</u>	<u>\$479,154</u>

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 1999:

Class	June 30, 1998	Additions	Deletions	June 30, 1999
Land and Improvements	\$461,372	\$0	\$0	\$461,372
Buildings and Improvements	3,022,632	202,566	0	3,225,198
Machinery and Equipment	1,874,994	158,039	0	2,033,033
Vehicles	345,359	58,099	0	403,458
Totals	\$5,704,357	\$418,704	\$0	\$6,123,061

B. Proprietary Fixed Assets

Summary by Category at June 30, 1999:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$173,719	(\$135,967)	\$37,752
Total Property, Plant and Equipment	\$173,719	(\$135,967)	\$37,752

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

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

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

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a 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, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 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, 1998, (the latest information available) 9.02% was allocated to fund the pension benefit and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$148,938, \$131,838, and \$122,046, 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 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. 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 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$22,705.

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 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment of benefits at June 30, 1998 was \$160.3 million, at cost.

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, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

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, 1998, (the latest information available) 10.5% was allocated to fund the pension benefit and 3.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$553,740, \$518,136, and \$516,072, respectively, which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 10 - 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 reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients are required to 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, equal to 3.5% of covered payroll, to a health care reserve fund. The balance of the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8% of covered payroll. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

NOTE 11 - 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, 1999, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	Sick Leave	Vacation	Total
Liability	\$782,372	\$21,530	\$803,902

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

NOTE 12 - NOTES PAYABLE

Notes Payable activity of the District for the year ended June 30, 1999, was as follows:

Note Payable	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Bond Anticipation Note 4.50%	\$450,000	\$0	(\$450,000)	\$0
Bond Anticipation Note 4.11%	0	400,000	(400,000)	0
	\$450,000	\$400,000	(\$850,000)	\$0

HEATH CITY SCHOOL DISTRICT, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Detail of the changes in the notes, intergovernmental payable, capital lease payable and compensated absences of the District for the year ended June 30, 1999 is as follows:

		Balance June 30, 1998	Issued (Retired)	Balance June 30, 1999
General Long-Term Debt:				
(Long-Term Notes Payable)				
Energy Conservation Project	6.05%	\$135,000	(\$30,000)	\$105,000
Permanent Improvement	4.00%	900,000	(100,000)	800,000
Energy Conservation Project	4.50%	0	400,000	400,000
Total General Long-Term Debt		1,035,000	270,000	1,305,000
Other General Long-Term Obligations:				
Intergovernmental Payable		53,598	2,938	56,536
Capital Lease		79,626	(15,539)	64,087
Compensated Absences		735,715	68,187	803,902
Total Other General Long-Term Obligations		868,939	55,586	924,525
Total General Long-Term Debt and Other General Long-Term Obligations		\$1,903,939	\$325,586	\$2,229,525

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, 1999, follows:

Years	Long-Term Notes Payable		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$160,000	\$60,218	\$15,095	\$5,017	\$175,095	\$65,235
2001	180,000	51,188	16,471	3,641	196,471	54,829
2002	185,000	42,408	17,973	2,139	202,973	44,547
2003	150,000	33,402	14,548	536	164,548	33,938
2004	155,000	26,258	0	0	155,000	26,258
2005-2007	475,000	34,124	0	0	475,000	34,124
Totals	\$1,305,000	\$247,598	\$64,087	\$11,333	\$1,369,087	\$258,931

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 14 - CAPITALIZED LEASES

The District leases several copiers under capital leases. The cost of the equipment obtained under capital leases is \$81,194, 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, 1999:

Year Ending June 30,	Capital Lease
2000	\$20,112
2001	20,112
2002	20,112
2003	15,084
Minimum Lease Payments	75,420
Less: Amount representing interest at the District's incremental borrowing rate of interest	(11,333)
Present Value of minimum lease payments	<u>\$64,087</u>

NOTE 15 - 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, 1999 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Total
Operating Revenues	\$236,383	\$54,019	\$290,402
Depreciation Expense	6,097	0	6,097
Operating Loss	(94,386)	(3,443)	(97,829)
Net Loss	(7,568)	(3,443)	(11,011)
Operating Grants	61,634	0	61,634
Federal Donated Commodities	19,660	0	19,660
Total Assets	126,279	24,937	151,216
Net Working Capital	47,230	22,973	70,203
Total Equity	73,900	22,973	96,873

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 16 - 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 1999 the District contracted with several different insurance providers for various insurance coverages, as follows:

<i>Insurance Provider</i>	<i>Coverage</i>	<i>Deductible</i>
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 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.

In September 1998, the District changed their health care insurance program by contracting with Medical Mutual, Inc. for commercial health care coverage. Until that time, the District 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 Benefits, Inc., which monitors all claim payments. Excess loss coverage, became effective after \$30,000 per year per specific claim.

As a result of the termination of the self-insurance program, there is no claims liability reported in the fund at June 30, 1999. Claims liability from previous years were 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.

HEATH CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 16 - RISK MANAGEMENT (Continued)

Changes in the fund's claims liability amount in 1998 and 1999 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$71,812	\$699,063	(\$636,009)	\$134,866
1999	134,866	28,917	(163,783)	0

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$0	\$0
Current Year Set-Aside Requirement	125,120	125,120	104,424	354,664
Current Year Offset Credits	(21,910)	0	0	(21,910)
Qualifying Disbursements	0	(149,871)	0	(149,871)
Total	\$103,210	(\$24,751)	\$104,424	\$182,883
Cash Balance Carried Forward to FY 2000	\$103,210	\$0	\$104,424	\$207,634
Amount Restricted for Textbooks				\$103,210
Amount Restricted for Budget Stabilization				104,424
Total Restricted Assets				\$207,634

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 18 - CONTRIBUTED CAPITAL

There were no changes to contributed capital during the year. Contributed capital balance as of year end was as follows:

Contributed Capital at June 30, 1999	Food Service Fund
	\$23,119

NOTE 19 - 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 \$59,784 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Joint Vocational School, Shirley Dupps, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

NOTE 20 - 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, 1999.

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, 1999.

C. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$1,619,639 of school foundation support for its general fund. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 21 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has four school buildings and one administration building with power systems which have extensive efficiency utilization measures within the systems. An assessment has completed by contacting the manufacturers/vendors of each inventory item. Remediation tasks identified during this process have been executed.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems. The District's "A" Site is the Licking Area Computer Association (LACA). The District has contacted and received documentation regarding LACA's Year 2000 status.

Licking County collects property taxes for distribution to the District. Licking County is responsible for remediating the tax collection system.

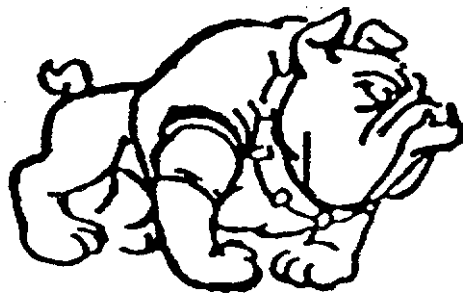
The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

To the best of its knowledge, the District believes that all mission critical computer systems have been fully remediated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

*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.*



HEATH CITY SCHOOL DISTRICT

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, 1999

GENERAL FUND			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Local Sources:			
Taxes	\$5,074,109	\$5,074,079	(\$30)
Tuition	42,625	42,592	(33)
Investment Earnings	74,637	74,615	(22)
Intergovernmental - State	2,142,725	2,142,316	(409)
Intergovernmental - Federal	3,400	3,399	(1)
All Other Revenues	111,151	110,094	(1,057)
Total Revenues	<u>7,448,647</u>	<u>7,447,095</u>	<u>(1,552)</u>
Expenditures:			
Instructional Services:			
Regular:			
Salaries and Wages	2,726,651	2,714,394	12,257
Fringe Benefits	920,347	884,259	36,088
Purchased Services	16,799	14,778	2,021
Supplies and Materials	188,583	186,517	2,066
Other Expenditures	184	184	0
Capital Outlay	1,678	1,678	0
Total Regular	<u>3,854,242</u>	<u>3,801,810</u>	<u>52,432</u>
Special:			
Salaries and Wages	336,283	329,761	6,522
Fringe Benefits	87,145	79,310	7,835
Purchased Services	186	185	1
Supplies and Materials	2,142	311	1,831
Total Special	<u>425,756</u>	<u>409,567</u>	<u>16,189</u>
Vocational:			
Salaries and Wages	99,758	98,540	1,218
Fringe Benefits	30,550	30,096	454
Purchased Services	21	21	0
Supplies and Materials	115	62	53
Total Vocational	<u>130,444</u>	<u>128,719</u>	<u>1,725</u>
Other:			
Purchased Services	137,610	135,837	1,773
Other Expenditures	3,943	3,200	743
Total Other	<u>141,553</u>	<u>139,037</u>	<u>2,516</u>
Total Instructional Services	<u>4,551,995</u>	<u>4,479,133</u>	<u>72,862</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, 1999

GENERAL FUND			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Support Services:			
Pupils:			
Salaries and Wages	328,701	320,778	7,923
Fringe Benefits	81,509	76,435	5,074
Purchased Services	1,330	1,209	121
Supplies and Materials	18,897	17,856	1,041
Total Pupils	430,437	416,278	14,159
Instructional Staff:			
Salaries and Wages	185,560	177,542	8,018
Fringe Benefits	71,075	66,633	4,442
Purchased Services	1,110	1,090	20
Supplies and Materials	10,004	9,925	79
Other Expenditures	350	349	1
Total Instructional Staff	268,099	255,539	12,560
Board of Education:			
Salaries and Wages	2,000	1,960	40
Fringe Benefits	4,188	3,581	607
Purchased Services	2,403	2,311	92
Supplies and Materials	5,375	5,374	1
Other Expenditures	3,796	3,796	0
Total Board of Education	17,762	17,022	740
Administration:			
Salaries and Wages	677,908	649,618	28,290
Fringe Benefits	168,520	162,921	5,599
Purchased Services	41,126	36,100	5,026
Supplies and Materials	13,257	12,430	827
Other Expenditures	2,891	2,849	42
Capital Outlay	1,955	1,893	62
Total Administration	905,657	865,811	39,846
Fiscal Services:			
Salaries and Wages	117,388	113,226	4,162
Fringe Benefits	48,760	48,415	345
Purchased Services	12,550	11,744	806
Supplies and Materials	5,250	5,228	22
Other Expenditures	137,825	130,416	7,409
Capital Outlay	2,500	1,970	530
Total Fiscal Services	324,273	310,999	13,274

(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, 1999

GENERAL FUND			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Business:			
Fringe Benefits	1,000	347	653
Purchased Services	18,923	15,432	3,491
Other Expenditures	800	596	204
Total Business	20,723	16,375	4,348
Operation and Maintenance of Plant:			
Salaries and Wages	303,029	282,089	20,940
Fringe Benefits	101,952	101,941	11
Purchased Services	430,547	390,945	39,602
Supplies and Materials	54,557	49,435	5,122
Other Expenditures	600	532	68
Capital Outlay	6,600	5,878	722
Total Operation and Maintenance of Plant	897,285	830,820	66,465
Pupil Transportation:			
Salaries and Wages	149,105	140,121	8,984
Fringe Benefits	78,213	78,150	63
Purchased Services	10,390	8,957	1,433
Supplies and Materials	40,868	31,541	9,327
Other Expenditures	1,600	1,506	94
Capital Outlay	60,300	58,099	2,201
Total Pupil Transportation	340,476	318,374	22,102
Central:			
Salaries and Wages	40,741	34,244	6,497
Fringe Benefits	5,931	5,822	109
Purchased Services	72,000	70,067	1,933
Supplies and Materials	1,050	709	341
Other Expenditures	23,161	23,140	21
Total Central	142,883	133,982	8,901
Total Support Services	3,347,595	3,165,200	182,395
Extracurricular Activities:			
Academic and Subject Oriented:			
Salaries and Wages	24,912	24,912	0
Fringe Benefits	528	528	0
Total Academic and Subject Oriented	25,440	25,440	0
Occupation Oriented:			
Salaries and Wages	1,732	1,732	0
Total Occupation Oriented	1,732	1,732	0

(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, 1999

GENERAL FUND			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Sports Oriented			
Salaries and Wages	123,495	120,918	2,577
Fringe Benefits	18,177	18,004	173
Total Sports Oriented	<u>141,672</u>	<u>138,922</u>	<u>2,750</u>
School and Public Service Co-Curricular:			
Salaries and Wages	11,126	10,626	500
Fringe Benefits	138	138	0
Total School and Public Service Co-Curricular	<u>11,264</u>	<u>10,764</u>	<u>500</u>
Total Extracurricular Activities	<u>180,108</u>	<u>176,858</u>	<u>3,250</u>
Other Expenditures:			
Salaries and Wages	2,691	2,031	660
Purchased Services	200	150	50
Other Expenditures	26,908	26,908	0
Total Other Expenditures	<u>29,799</u>	<u>29,089</u>	<u>710</u>
Capital Outlay	149,897	149,871	26
Total Expenditures	<u>8,259,394</u>	<u>8,000,151</u>	<u>259,243</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(810,747)	(553,056)	257,691
<u>Other Financing Sources (Uses):</u>			
Proceeds of Notes	400,000	400,000	0
Proceeds of Long-Term Notes	400,000	400,000	0
Operating Transfers Out	(400,000)	(400,000)	0
Advances In	25,000	25,000	0
Advances Out	(35,000)	(34,810)	190
Total Other Financing Sources (Uses):	<u>390,000</u>	<u>390,190</u>	<u>190</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(420,747)	(162,866)	257,881
Fund Balance at Beginning of Year	768,765	768,765	0
Prior Year Encumbrances	114,060	114,060	0
Fund Balance at End of Year	<u>\$462,078</u>	<u>\$719,959</u>	<u>\$257,881</u>

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, 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.

(Continued)

SPECIAL REVENUE FUNDS

Data Communication Fund

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

Textbook/Instructional Materials Subsidy Fund

To account for monies received to provide textbooks for elementary and secondary schools.

Miscellaneous State Grants Fund

To account for various monies received from state agencies which are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

Title VI-B Fund

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

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 program to meet the special needs of educationally deprived children.

Title VI 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.

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, 1999

	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services	Career Development
Assets:					
Cash and Cash Equivalents	\$18,044	\$5,701	\$7,062	\$22,053	\$1,517
Total Assets	\$18,044	\$5,701	\$7,062	\$22,053	\$1,517
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$155	\$0	\$290	\$62	\$0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Loan Payables	0	0	9,000	0	0
Intergovernmental Payables	0	0	0	0	0
Total Liabilities	155	0	9,290	62	0
Fund Equity:					
Reserved for Encumbrances	1,495	221	6,081	574	216
Unreserved	16,394	5,480	(8,309)	21,417	1,301
Total Fund Equity	17,889	5,701	(2,228)	21,991	1,517
Total Liabilities and Fund Equity	\$18,044	\$5,701	\$7,062	\$22,053	\$1,517

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1999

Teacher Development	Managed Information System	Data Communication	Textbook/ Instructional Materials Subsidy	Misellaneous State Grants	Title VI-B	Vocational Education	Title I
\$1,499	\$18,230	\$18,591	\$32,771	\$1,170	\$8,375	\$0	\$7,216
\$1,499	\$18,230	\$18,591	\$32,771	\$1,170	\$8,375	\$0	\$7,216
\$0	\$0	\$0	\$4,991	\$0	\$1,749	\$0	\$0
0	0	0	0	0	3,544	0	7,205
0	0	0	0	0	0	0	0
0	0	0	0	0	51	0	0
0	0	0	4,991	0	5,344	0	7,205
111	0	16,930	0	0	0	0	0
1,388	18,230	1,661	27,780	1,170	3,031	0	11
1,499	18,230	18,591	27,780	1,170	3,031	0	11
\$1,499	\$18,230	\$18,591	\$32,771	\$1,170	\$8,375	\$0	\$7,216

(Continued)

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1999

	Title VI	Drug Free Grant	Tele- communications	Other Federal Grants	Totals
<u>Assets:</u>					
Cash and Cash Equivalents	\$5,808	\$3,757	\$3,939	\$5,000	\$160,733
Total Assets	\$5,808	\$3,757	\$3,939	\$5,000	\$160,733
<u>Liabilities and Fund Equity:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$0	\$0	\$0	\$0	\$7,247
Accrued Wages and Benefits	0	0	0	0	10,749
Interfund Loan Payables	0	0	0	0	9,000
Intergovernmental Payables	0	0	0	0	51
Total Liabilities	0	0	0	0	27,047
<u>Fund Equity:</u>					
Reserved for Encumbrances	0	0	0	0	25,628
Unreserved	5,808	3,757	3,939	5,000	108,058
Total Fund Equity	5,808	3,757	3,939	5,000	133,686
Total Liabilities and Fund Equity	\$5,808	\$3,757	\$3,939	\$5,000	\$160,733

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services	Career Development
Revenues:					
Local Sources:					
Investment Earnings	\$0	\$0	\$131	\$0	\$0
Extracurricular Activities	0	0	58,642	0	0
Intergovernmental - State	0	0	0	41,302	1,000
Intergovernmental - Federal	0	0	0	0	0
All Other Revenues	52,838	7,079	25,808	0	0
Total Revenues	52,838	7,079	84,581	41,302	1,000
Expenditures:					
Current:					
Instructional Services	0	1,725	0	0	0
Support Services:					
Pupils	43,677	0	0	0	696
Instructional Staff	2,999	3,773	0	0	0
Administration	0	0	0	0	0
Fiscal Services	0	0	0	1,652	0
Business	0	0	0	0	0
Community Services	0	0	0	36,546	0
Extracurricular Activities	0	0	93,168	0	0
Total Expenditures	46,676	5,498	93,168	38,198	696
Excess (Deficiency) of					
Revenues Over (Under) Expenditures	6,162	1,581	(8,587)	3,104	304
Fund Balance at Beginning of Year	11,727	4,120	6,359	18,887	1,213
Fund Balance (Deficit) at End of Year	\$17,889	\$5,701	(\$2,228)	\$21,991	\$1,517

(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, 1999

	Teacher Development	Managed Information System	Data Communication	Textbook/ Instructional Materials Subsidy	Miscellaneous State Grants
Revenues:					
Local Sources:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Extracurricular Activities	0	0	0	0	0
Intergovernmental - State	6,827	5,000	5,957	21,910	0
Intergovernmental - Federal	0	0	0	0	0
All Other Revenues	0	0	0	0	0
Total Revenues	6,827	5,000	5,957	21,910	0
Expenditures:					
Current:					
Instructional Services	9,273	0	0	15,186	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administration	4,193	0	0	0	0
Fiscal Services	0	0	0	0	0
Business	0	25	0	0	0
Community Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	13,466	25	0	15,186	0
Excess (Deficiency) of					
Revenues Over (Under) Expenditures	(6,639)	4,975	5,957	6,724	0
Fund Balance at Beginning of Year	8,138	13,255	12,634	21,056	1,170
Fund Balance (Deficit) at End of Year	\$1,499	\$18,230	\$18,591	\$27,780	\$1,170

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

Title VI-B	Vocational Education	Title I	Title VI	Drug Free Grant	Tele- communications	Other Federal Grants	Totals
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$131
0	0	0	0	0	0	0	58,642
0	0	0	0	0	0	0	81,996
49,692	359	53,784	5,808	6,852	0	5,000	121,495
0	0	0	0	0	3,939	0	89,664
49,692	359	53,784	5,808	6,852	3,939	5,000	351,928
0	422	61,696	2,343	0	0	0	90,645
5,655	0	0	0	6,413	0	0	56,441
50,366	0	0	3,005	0	0	0	60,143
0	0	0	0	0	0	0	4,193
0	0	0	0	0	0	0	1,652
0	0	0	0	0	0	0	25
0	0	0	241	0	0	0	36,787
0	0	0	0	0	0	0	93,168
56,021	422	61,696	5,589	6,413	0	0	343,054
(6,329)	(63)	(7,912)	219	439	3,939	5,000	8,874
9,360	63	7,923	5,589	3,318	0	0	124,812
\$3,031	\$0	\$11	\$5,808	\$3,757	\$3,939	\$5,000	\$133,686

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, 1999

PUBLIC SCHOOL SUPPORT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
All Other Revenues	\$52,915	\$52,838	(\$77)
Total Revenues	52,915	52,838	(77)
Expenditures:			
Support Services:			
Pupils:			
Supplies and Materials	60,549	46,488	14,061
Total Pupils	60,549	46,488	14,061
Instructional Staff:			
Purchased Services	4,710	2,999	1,711
Total Instructional Staff	4,710	2,999	1,711
Total Expenditures	65,259	49,487	15,772
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(12,344)	3,351	15,695
Fund Balance at Beginning of Year	11,088	11,088	0
Prior Year Encumbrances	2,055	2,055	0
Fund Balance at End of Year	\$799	\$16,494	\$15,695

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, 1999

OTHER GRANTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
All Other Revenues	\$7,079	\$7,079	\$0
Total Revenues	<u>7,079</u>	<u>7,079</u>	<u>0</u>
Expenditures:			
Instructional Services:			
Regular:			
Purchased Services	1,792	1,726	66
Supplies and Materials	330	220	110
Total Instructional Services	<u>2,122</u>	<u>1,946</u>	<u>176</u>
Support Services:			
Instructional Staff:			
Purchased Services	4,000	3,773	227
Total Instructional Staff	<u>4,000</u>	<u>3,773</u>	<u>227</u>
Total Expenditures	<u>6,122</u>	<u>5,719</u>	<u>403</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	957	1,360	403
Fund Balance at Beginning of Year	4,120	4,120	0
Fund Balance at End of Year	<u>\$5,077</u>	<u>\$5,480</u>	<u>-\$403</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, 1999

DISTRICT MANAGED STUDENT ACTIVITY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$135	\$131	(\$4)
Extracurricular Activities	58,650	58,642	(8)
All Other Revenues	25,815	25,808	(7)
Total Revenues	<u>84,600</u>	<u>84,581</u>	<u>(19)</u>
Expenditures:			
Extracurricular Activities:			
Sports Oriented:			
Salaries and Wages	11,027	11,027	0
Purchased Services	28,344	28,343	1
Supplies and Materials	37,900	37,898	2
Other Expenditures	11,926	11,791	135
Capital Outlay	10,194	10,190	4
Total Extracurricular Activities	<u>99,391</u>	<u>99,249</u>	<u>142</u>
Total Expenditures	<u>99,391</u>	<u>99,249</u>	<u>142</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,791)	(14,668)	123
Other Financing Sources (Uses):			
Advances In	9,000	9,000	0
Total Other Financing Sources (Uses):	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,791)	(5,668)	123
Fund Balance at Beginning of Year	6,250	6,250	0
Prior Year Encumbrances	109	109	0
Fund Balance at End of Year	<u>\$568</u>	<u>\$691</u>	<u>\$123</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, 1999

AUXILIARY SERVICES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$41,330	\$41,302	(\$28)
Total Revenues	41,330	41,302	(28)
Expenditures:			
Support Services:			
Fiscal Services:			
Other Expenditures	1,652	1,652	0
Total Support Services	1,652	1,652	0
Community Services:			
Purchased Services	2,270	2,269	1
Supplies and Materials	55,314	33,845	21,469
Capital Outlay	1,000	992	8
Total Community Services	58,584	37,106	21,478
Total Expenditures	60,236	38,758	21,478
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(18,906)	2,544	21,450
Fund Balance at Beginning of Year	16,573	16,573	0
Prior Year Encumbrances	2,362	2,362	0
Fund Balance at End of Year	\$29	\$21,479	\$21,450

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, 1999

CAREER DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$1,000	\$1,000	\$0
Total Revenues	1,000	1,000	0
Expenditures:			
Support Services:			
Pupils:			
Supplies and Materials	2,213	912	1,301
Total Expenditures	2,213	912	1,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,213)	88	1,301
Fund Balance at Beginning of Year	1,169	1,169	0
Prior Year Encumbrances	44	44	0
Fund Balance at End of Year	\$0	\$1,301	\$1,301

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, 1999

TEACHER DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$6,827	\$6,827	\$0
Total Revenues	6,827	6,827	0
Expenditures:			
Instructional Services:			
Regular:			
Salaries and Wages	3,000	3,000	0
Purchased Services	7,618	6,384	1,234
Total Instructional Services	10,618	9,384	1,234
Support Services:			
Administration:			
Salaries and Wages	3,000	3,000	0
Purchased Services	1,322	1,193	129
Total Administration	4,322	4,193	129
Business:			
Purchased Services	25	0	25
Total Business	25	0	25
Total Expenditures	14,965	13,577	1,388
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(8,138)	(6,750)	1,388
Fund Balance at Beginning of Year	6,414	6,414	0
Prior Year Encumbrances	1,724	1,724	0
Fund Balance at End of Year	\$0	\$1,388	\$1,388

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, 1999

MANAGEMENT INFORMATION SYSTEM FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$5,000	\$5,000	\$0
Total Revenues	5,000	5,000	0
Expenditures:			
Support Services:			
Business:			
Purchased Services	50	25	25
Total Expenditures	50	25	25
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,950	4,975	25
Fund Balance at Beginning of Year	13,255	13,255	0
Fund Balance at End of Year	\$18,205	\$18,230	\$25

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, 1999

DATA COMMUNICATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$5,957	\$5,957	\$0
Total Revenues	5,957	5,957	0
Expenditures:			
Support Services:			
Central:			
Capital Outlay	18,591	16,930	1,661
Total Expenditures	18,591	16,930	1,661
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(12,634)	(10,973)	1,661
Fund Balance at Beginning of Year	12,634	12,634	0
Fund Balance at End of Year	\$0	\$1,661	\$1,661

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, 1999

TEXTBOOK/INSTRUCTIONAL MATERIALS SUBSIDY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$21,910	\$21,910	\$0
Total Revenues	21,910	21,910	0
Expenditures:			
Instructional Services:			
Regular:			
Supplies and Materials	11,000	10,195	805
Total Expenditures	11,000	10,195	805
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,910	11,715	805
Fund Balance at Beginning of Year	21,056	21,056	0
Fund Balance at End of Year	\$31,966	\$32,771	\$805

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, 1999

MISCELLANEOUS STATE GRANTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	1,170	1,170	0
Fund Balance at End of Year	\$1,170	\$1,170	\$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, 1999

TITLE VI-B FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$49,692	\$49,692	\$0
Total Revenues	49,692	49,692	0
Expenditures:			
Support Services:			
Pupils:			
Purchased Services	8,000	4,150	3,850
Supplies and Materials	2,169	663	1,506
Total Pupils	10,169	4,813	5,356
Instructional Staff:			
Salaries and Wages	23,396	21,027	2,369
Fringe Benefits	19,132	19,132	0
Purchased Services	8,526	8,526	0
Total Instructional Staff	51,054	48,685	2,369
Total Expenditures	61,223	53,498	7,725
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(11,531)	(3,806)	7,725
Fund Balance at Beginning of Year	10,156	10,156	0
Prior Year Encumbrances	1,375	1,375	0
Fund Balance at End of Year	\$0	\$7,725	\$7,725

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, 1999

VOCATIONAL EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$360	\$359	(\$1)
Total Revenues	360	359	(1)
Expenditures:			
Instructional Services:			
Vocational:			
Purchased Services	422	422	0
Total Expenditures	422	422	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62)	(63)	(1)
Fund Balance at Beginning of Year	63	63	0
Fund Balance at End of Year	\$1	\$0	(\$1)

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, 1999

TITLE I FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$53,784	\$53,784	\$0
Total Revenues	53,784	53,784	0
Expenditures:			
Instructional Services:			
Special:			
Salaries and Wages	53,782	46,566	7,216
Fringe Benefits	14,852	14,852	0
Supplies and Materials	288	288	0
Total Instructional Services	68,922	61,706	7,216
Total Expenditures	68,922	61,706	7,216
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(15,138)	(7,922)	7,216
Fund Balance at Beginning of Year	14,893	14,893	0
Prior Year Encumbrances	245	245	0
Fund Balance at End of Year	\$0	\$7,216	\$7,216

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, 1999

TITLE VI FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$5,808	\$5,808	\$0
Total Revenues	5,808	5,808	0
Expenditures:			
Instructional Services:			
Regular:			
Salaries and Wages	1,053	1,053	0
Purchased Services	423	423	0
Supplies and Materials	867	867	0
Total Instructional Services	2,343	2,343	0
Support Services:			
Instructional Staff:			
Supplies and Materials	8,566	3,005	5,561
Total Instructional Staff	8,566	3,005	5,561
Community Services:			
Supplies and Materials	488	241	247
Total Community Services	488	241	247
Total Expenditures	11,397	5,589	5,808
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(5,589)	219	5,808
Fund Balance at Beginning of Year	5,589	5,589	0
Fund Balance at End of Year	\$0	\$5,808	\$5,808

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, 1999

DRUG FREE GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$8,064	\$6,852	(\$1,212)
Total Revenues	8,064	6,852	(1,212)
Expenditures:			
Support Services:			
Pupils:			
Salaries and Wages	400	0	400
Purchased Services	4,323	2,225	2,098
Supplies and Materials	6,309	4,188	2,121
Total Pupils	11,032	6,413	4,619
Community Services:			
Purchased Services	350	0	350
Total Community Services	350	0	350
Total Expenditures	11,382	6,413	4,969
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,318)	439	3,757
Fund Balance at Beginning of Year	2,966	2,966	0
Prior Year Encumbrances	352	352	0
Fund Balance at End of Year	\$0	\$3,757	\$3,757

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, 1999

TELECOMMUNICATIONS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
All Other Revenues	\$0	\$3,939	\$3,939
Total Revenues	0	3,939	3,939
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	0	3,939	3,939
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$3,939	\$3,939

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, 1999

OTHER FEDERAL GRANTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$5,000	\$5,000	\$0
Total Revenues	5,000	5,000	0
Expenditures:			
Instructional Services:			
Regular:			
Supplies and Materials	1,000	0	1,000
Total Instructional Services	1,000	0	1,000
Support Services:			
Instructional Staff:			
Purchased Services	4,000	0	4,000
Total Instructional Staff	4,000	0	4,000
Total Expenditures	5,000	0	5,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	5,000	5,000
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$5,000	\$5,000

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.

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 grant to provide computer workstations for all classrooms, grades K-4.

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 1999

	Permanent Improvement	Vocational Education Equipment	SchoolNet Plus	Totals
Assets:				
Cash and Cash Equivalents	\$194,997	\$598	\$95	\$195,690
Receivables (net of allowance for doubtful accounts):				
Taxes	208,351	0	0	208,351
Total Assets	<u>\$403,348</u>	<u>\$598</u>	<u>\$95</u>	<u>\$404,041</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts Payable	\$2,637	\$0	\$0	\$2,637
Deferred Revenue - Taxes	199,351	0	0	199,351
Total Liabilities	<u>201,988</u>	<u>0</u>	<u>0</u>	<u>201,988</u>
Fund Equity:				
Reserved for Encumbrances	298	0	0	298
Reserved for Property Taxes	9,000	0	0	9,000
Unreserved	192,062	598	95	192,755
Total Fund Equity	<u>201,360</u>	<u>598</u>	<u>95</u>	<u>202,053</u>
Total Liabilities and Fund Equity	<u>\$403,348</u>	<u>\$598</u>	<u>\$95</u>	<u>\$404,041</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, 1999

	Permanent Improvement	Vocational Education Equipment	SchoolNet Plus	Totals
Revenues:				
Local Sources:				
Taxes	\$56,819	\$0	\$0	\$56,819
Investment Earnings	29,478	0	0	29,478
Intergovernmental - State	18,861	0	41,739	60,600
All Other Revenues	745	0	0	745
Total Revenues	105,903	0	41,739	147,642
Expenditures:				
Instructional Services	138,282	0	41,644	179,926
Support Services:				
Fiscal Services	4,021	0	0	4,021
Operations and Maintenance of Plant	117,690	0	0	117,690
Debt Service:				
Interest and Fiscal Charges	17,115	0	0	17,115
Total Expenditures	277,108	0	41,644	318,752
Excess (Deficiency) of Revenues Over (Under) Expenditures	(171,205)	0	95	(171,110)
Other Financing Sources (Uses):				
Operating Transfers In	479,154	0	0	479,154
Total Other Financing Sources (Uses)	479,154	0	0	479,154
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	307,949	0	95	308,044
Fund Balance (Deficit) at Beginning of Year	(106,589)	598	0	(105,991)
Fund Balance at End of Year	\$201,360	\$598	\$95	\$202,053

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, 1999

PERMANENT IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$62,700	\$62,619	(\$81)
Investment Earnings	29,500	29,478	(22)
Intergovernmental - State	18,875	18,861	(14)
All Other Revenues	750	745	(5)
Total Revenues	111,825	111,703	(122)
Expenditures:			
Instructional Services:			
Regular:			
Purchased Services	3,000	1,206	1,794
Supplies and Materials	84,926	57,937	26,989
Capital Outlay	226,318	115,409	110,909
Total Instructional Services	314,244	174,552	139,692
Support Services:			
Fiscal Services:			
Other Expenditures	4,021	4,021	0
Total Fiscal Services	4,021	4,021	0
Operation and Maintenance of Plant Services:			
Purchased Services	20,980	20,520	460
Supplies and Materials	70,335	70,335	0
Capital Outlay	49,885	47,335	2,550
Total Operation and Maintenance of Plant Services	141,200	138,190	3,010
Total Expenditures	459,465	316,763	142,702
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(347,640)	(205,060)	142,580
Fund Balance at Beginning of Year	264,631	264,631	0
Prior Year Encumbrances	129,445	129,445	0
Fund Balance at End of Year	\$46,436	\$189,016	\$142,580

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, 1999

VOCATIONAL EDUCATION EQUIPMENT FUND

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

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, 1999

SCHOOLNET PLUS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$41,739	\$41,739	\$0
Total Revenues	41,739	41,739	0
Expenditures:			
Instructional Services:			
Regular:			
Capital Outlay	41,739	41,644	95
Total Expenditures	41,739	41,644	95
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	95	95
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$95	\$95

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, 1999

	Food Service	Uniform School Supply	Totals
Assets:			
Cash and Cash Equivalents	\$80,752	\$24,937	\$105,689
Due from Other Funds	1,300	0	1,300
Inventory of Supplies at Cost	6,475	0	6,475
Property Plant and Equipment	173,719	0	173,719
Less Accumulated Depreciation	(135,967)	0	(135,967)
Net Fixed Assets	37,752	0	37,752
Total Assets	<u>\$126,279</u>	<u>\$24,937</u>	<u>\$151,216</u>
Liabilities and Fund Equity:			
Liabilities:			
Accounts Payable	\$0	\$1,189	\$1,189
Accrued Wages and Benefits	16,507	0	16,507
Interfund Loan Payable	0	775	775
Intergovernmental Payables	22,396	0	22,396
Deferred Revenue	2,394	0	2,394
Compensated Absences Payable	11,082	0	11,082
Total Liabilities	<u>52,379</u>	<u>1,964</u>	<u>54,343</u>
Fund Equity:			
Contributed Capital	23,119	0	23,119
Retained Earnings:			
Unreserved	50,781	22,973	73,754
Total Retained Earnings	<u>50,781</u>	<u>22,973</u>	<u>73,754</u>
Total Fund Equity	<u>73,900</u>	<u>22,973</u>	<u>96,873</u>
Total Liabilities and Fund Equity	<u>\$126,279</u>	<u>\$24,937</u>	<u>\$151,216</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	Food Service	Uniform School Supply	Totals
<u>Operating Revenues:</u>			
Tuition and Fees	\$0	\$54,019	\$54,019
Sales	236,383	0	236,383
Total Operating Revenues	<u>236,383</u>	<u>54,019</u>	<u>290,402</u>
<u>Operating Expenses:</u>			
Salaries and Wages	118,198	0	118,198
Fringe Benefits	61,268	0	61,268
Contractual Services	2,336	0	2,336
Materials and Supplies	142,067	57,462	199,529
Depreciation	6,097	0	6,097
Other Operating Expenses	803	0	803
Total Operating Expenses	<u>330,769</u>	<u>57,462</u>	<u>388,231</u>
Operating Loss	(94,386)	(3,443)	(97,829)
<u>Nonoperating Revenues:</u>			
Operating Grants	61,634	0	61,634
Federally Donated Commodities	19,660	0	19,660
Investment Earnings	1,300	0	1,300
Miscellaneous	4,224	0	4,224
Total Nonoperating Revenues	<u>86,818</u>	<u>0</u>	<u>86,818</u>
Net Loss	(7,568)	(3,443)	(11,011)
Retained Earnings at Beginning of Year	58,349	26,416	84,765
Retained Earnings at End of Year	<u>\$50,781</u>	<u>\$22,973</u>	<u>\$73,754</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	Food Service	Uniform School Supply	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$240,607	\$0	\$240,607
Cash Received from Tuition and Fee Payments	\$0	\$54,019	54,019
Cash Payments for Goods and Services	(126,014)	(56,361)	(182,375)
Cash Payments to Employees for Services and Benefits	(176,309)	0	(176,309)
Net Cash Used by Operating Activities	(61,716)	(2,342)	(64,058)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	61,634	0	61,634
Advance from General Fund	0	775	775
Net Cash Provided by Noncapital Financing Activities	61,634	775	62,409
Net Decrease in Cash and Cash Equivalents	(82)	(1,567)	(1,649)
Cash and Cash Equivalents at Beginning of Year	80,834	26,504	107,338
Cash and Cash Equivalents at End of Year	\$80,752	\$24,937	\$105,689
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Loss	(\$94,386)	(\$3,443)	(\$97,829)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Miscellaneous Non-Operating Income	4,224	0	4,224
Depreciation Expense	6,097	0	6,097
Donated Commodities Used During the Year	19,660	0	19,660
Changes in Assets and Liabilities:			
Increase in Inventory	(1,210)	0	(1,210)
Increase in Accounts Payable	0	1,101	1,101
Increase in Accrued Wages and Benefits	1,572	0	1,572
Decrease in Intergovernmental Payables	(352)	0	(352)
Increase in Deferred Revenues	742	0	742
Increase in Compensated Absences	1,937	0	1,937
Total Adjustments	32,670	1,101	33,771
Net Cash Used by Operating Activities	(\$61,716)	(\$2,342)	(\$64,058)

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 for the 10% risk premium of the Contingent Premium Plan of the employees health and dental plans.

**HEATH CITY SCHOOL DISTRICT, OHIO
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 JUNE 30, 1999**

	Rotary	Employee Benefits Self Insurance	Totals
<u>Assets:</u>			
Cash and Cash Equivalents	\$7,103	\$90	\$7,193
Total Assets	<u>\$7,103</u>	<u>\$90</u>	<u>\$7,193</u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Intergovernmental Payables	\$11	\$0	\$11
Total Liabilities	<u>11</u>	<u>0</u>	<u>11</u>
Fund Equity:			
Retained Earnings:			
Unreserved	7,092	90	7,182
Total Retained Earnings	<u>7,092</u>	<u>90</u>	<u>7,182</u>
Total Fund Equity	<u>7,092</u>	<u>90</u>	<u>7,182</u>
Total Liabilities and Fund Equity	<u>\$7,103</u>	<u>\$90</u>	<u>\$7,193</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, 1999

	Rotary	Employee Benefits Self Insurance	Totals
<u>Operating Revenues:</u>			
Tuition and Fees	\$5,485	\$0	\$5,485
Interfund Charges	0	100,484	100,484
Total Operating Revenues	<u>5,485</u>	<u>100,484</u>	<u>105,969</u>
<u>Operating Expenses:</u>			
Fringe Benefits	0	28,917	28,917
Materials and Supplies	2,298	0	2,298
Other Operating Expenses	3,411	0	3,411
Total Operating Expenses	<u>5,709</u>	<u>28,917</u>	<u>34,626</u>
Operating Income (Loss)	(224)	71,567	71,343
<u>Nonoperating Revenues:</u>			
Investment Earnings	228	782	1,010
Total Nonoperating Revenues	<u>228</u>	<u>782</u>	<u>1,010</u>
Net Income	4	72,349	72,353
Retained Earnings			
(Accumulated Deficit) at Beginning of Year	7,088	(72,259)	(65,171)
Retained Earnings at End of Year	<u>\$7,092</u>	<u>\$90</u>	<u>\$7,182</u>

HEATH CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	Employee Benefits		Totals
	Rotary	Self Insurance	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,485	\$0	\$5,485
Cash Received from Interfund Charges	0	100,484	100,484
Cash Payments for Goods and Services	(5,713)	0	(5,713)
Cash Payments to Employees for Services and Benefits	0	(163,783)	(163,783)
Net Cash Used for Operating Activities	<u>(228)</u>	<u>(63,299)</u>	<u>(63,527)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	228	782	1,010
Net Cash Provided by Investing Activities	<u>228</u>	<u>782</u>	<u>1,010</u>
Net Decrease in Cash and Cash Equivalents	0	(62,517)	(62,517)
Cash and Cash Equivalents at Beginning of Year	7,103	62,607	69,710
Cash and Cash Equivalents at End of Year	<u>\$7,103</u>	<u>\$90</u>	<u>\$7,193</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used for Operating Activities:</u>			
Operating Income (Loss)	(\$224)	\$71,567	\$71,343
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Used for Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Intergovernmental Payable	(4)	0	(4)
Decrease in Claims Payable	0	(134,866)	(134,866)
Total Adjustments	<u>(4)</u>	<u>(134,866)</u>	<u>(134,870)</u>
Net Cash Used for Operating Activities	<u>(\$228)</u>	<u>(\$63,299)</u>	<u>(\$63,527)</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 flower 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, 1999

	<i>Expendable Trust Fund</i>	<i>Agency Fund</i>	Totals
	Special Trust	Student Managed Activity	
<u>Assets:</u>			
Cash and Cash Equivalents	\$3,737	\$42,311	\$46,048
Investments	3,300	0	3,300
Total Assets	<u>\$7,037</u>	<u>\$42,311</u>	<u>\$49,348</u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Accounts Payable	\$85	\$0	\$85
Inrefund Loan Payable	0	35	35
Due to Students	0	42,276	42,276
Total Liabilities	<u>85</u>	<u>42,311</u>	<u>42,396</u>
Fund Equity:			
Unreserved	6,952	0	6,952
Total Fund Equity	<u>6,952</u>	<u>0</u>	<u>6,952</u>
Total Liabilities and Fund Equity	<u>\$7,037</u>	<u>\$42,311</u>	<u>\$49,348</u>

HEATH CITY SCHOOL DISTRICT, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Balance June 30, 1998	Additions	Deductions	Balance June 30, 1999
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$41,529	\$108,818	(\$108,036)	\$42,311
Total Assets	\$41,529	\$108,818	(\$108,036)	\$42,311
Liabilities:				
Accounts Payable	\$2,292	\$0	(\$2,292)	\$0
Interfund Loan Payable	0	35	0	35
Due to Students	39,237	108,783	(105,744)	42,276
Total Liabilities	\$41,529	\$108,818	(\$108,036)	\$42,311

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, 1999

General Fixed Assets

Land and Improvements	\$461,372
Buildings and Improvements	3,225,198
Machinery and Equipment	2,033,033
Vehicles	403,458
Total General Fixed Assets	<u>\$6,123,061</u>

Investment in General Fixed Assets from:

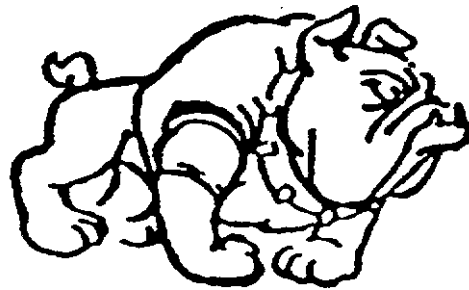
General Fund	\$5,180,093
Special Revenue Fund	2,691
Capital Project Funds	940,277
Total Investment in General Fixed Assets	<u>\$6,123,061</u>

HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
JUNE 30, 1999

Function and Activity	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Vehicles	Total
Instruction	\$0	\$3,076,423	\$1,427,144	\$0	\$4,503,567
Support Services:					
Pupils	0	0	5,550	0	5,550
Instructional Staff	0	0	206,497	0	206,497
Administration	0	100,000	237,034	0	337,034
Fiscal Services	0	0	8,755	0	8,755
Operation and Maintenance of Plant	0	0	115,673	26,171	141,844
Pupil Transportation	0	32,675	3,900	377,287	413,862
Central	0	0	1,791	0	1,791
Extracurricular Activities	0	16,100	26,689	0	42,789
Facility Acquisition and Improvement	461,372	0	0	0	461,372
Total General Fixed Assets	<u>\$461,372</u>	<u>\$3,225,198</u>	<u>\$2,033,033</u>	<u>\$403,458</u>	<u>\$6,123,061</u>

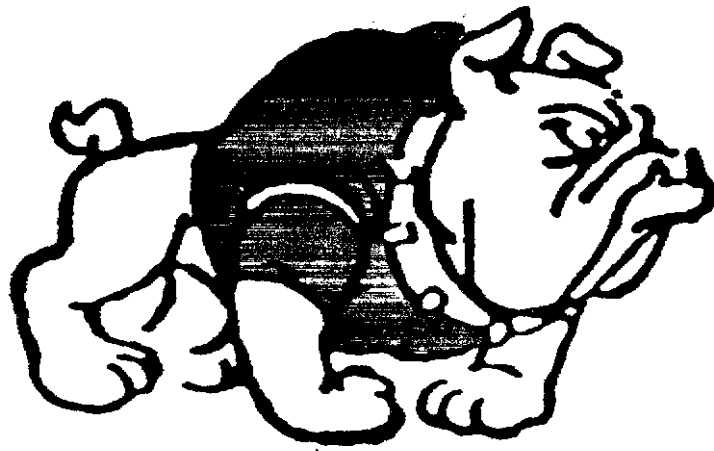
HEATH CITY SCHOOL DISTRICT, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Function and Activity	June 30, 1998	Additions	Deletions	June 30, 1999
Instruction	\$4,196,810	\$306,757	\$0	\$4,503,567
Support Services:				
Pupils	5,550	0	0	5,550
Instructional Staff	206,497	0	0	206,497
Administration	337,034	0	0	337,034
Fiscal Services	7,190	1,565	0	8,755
Operation and Maintenance of Plant	89,561	52,283	0	141,844
Pupil Transportation	355,763	58,099	0	413,862
Central	1,791	0	0	1,791
Extracurricular Activities	42,789	0	0	42,789
Facility Acquisition and Improvement	461,372	0	0	461,372
Total General Fixed Assets	<u>\$5,704,357</u>	<u>\$418,704</u>	<u>\$0</u>	<u>\$6,123,061</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 DISTRICT HAS HAD NO GENERAL BONDED DEBT IN THE LAST TEN YEARS.

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
1990 a	\$2,813,551	\$245,474	\$145,681	\$539,207	\$147,684	\$17,418	\$443,604	\$4,352,619
1991 a	3,100,619	274,052	190,183	549,832	159,334	46,960	476,656	4,797,636
1992 a	3,258,959	295,814	167,689	606,338	179,443	25,657	549,255	5,083,155
1993 a	3,331,142	338,796	173,418	603,122	223,254	48,595	522,732	5,241,059
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

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
1990 a	\$113,197	\$12,333	\$0	\$128,374	\$0	\$410,820	\$664,724	\$5,017,343
1991 a	144,617	20,654	0	146,913	0	0	312,184	5,109,820
1992 a	192,807	15,597	768	152,716	0	0	361,888	5,445,043
1993 a	158,184	17,542	1,862	142,618	0	39,364	359,570	5,600,629
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 (2)	178,118	1,136,214	8,391,842

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
1990 a	\$3,055,178	\$29,717	\$79,185	\$37,562	\$59,979	\$1,107,634	\$4,369,255
1991 a	3,688,587	28,866	49,013	51,325	84,631	1,112,056	5,014,478
1992 a	4,215,894	20,762	41,706	37,118	66,576	1,181,310	5,563,366
1993 a	4,102,830	25,596	30,297	39,324	70,982	1,312,555	5,581,584
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

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 (1)
LAST TEN CALENDAR YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections		Accumulated		Percentage of Accumulated Delinquent Taxes to Total Tax Levy
					To Tax Levy	To Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes to Total Tax Levy	
1989	Not Available								
1990	\$3,621,225	\$3,464,861	\$102,556	\$3,567,417	98.51%	98.51%	\$186,946	5.16%	
1991	4,500,201	4,289,845	133,530	4,423,375	98.29%	98.29%	270,951	6.02%	
1992	4,447,752	4,280,825	71,082	4,351,907	97.85%	97.85%	358,734	8.07%	
1993	4,423,930	4,252,642	179,766	4,432,408	100.19%	100.19%	498,088	11.26%	
1994	5,009,442	4,824,689	409,858	5,234,547	104.49%	104.49%	628,797	12.55%	
1995	5,089,474	5,014,918	181,967	5,196,885	102.11%	102.11%	346,057	6.80%	
1996	5,135,951	4,919,942	135,847	5,055,789	98.44%	98.44%	321,456	6.26%	
1997	5,362,353	5,649,147	86,162	5,735,309	106.96%	106.96%	186,266	3.47%	
1998	5,855,193	5,436,190	198,193	5,634,383	96.23%	96.23%	228,252	3.90%	

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	
1989	\$78,902,810	\$225,436,600	\$6,487,640	\$6,487,640	\$48,981,460	\$168,901,586	\$134,371,910	\$400,825,826	33.52%
1990 **	85,326,650	243,790,429	7,148,970	7,148,970	46,816,210	167,200,750	139,291,830	418,140,149	33.31%
1991	89,002,050	254,291,571	8,021,000	8,021,000	44,672,270	165,452,852	141,695,320	427,765,423	33.12%
1992	91,399,570	261,141,629	8,008,210	8,008,210	39,982,350	153,778,269	139,390,130	422,928,108	32.96%
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%

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		Licking County	Total
	General Fund	Permanent Improvement Fund	Total		Vocational School			
1989	32.90	0.00	32.90	3.90	2.80	7.00	46.60	
1990	38.90	0.00	38.90	3.90	2.80	7.00	52.60	
1991	38.90	0.00	38.90	3.90	2.80	7.20	52.80	
1992	38.90	0.00	38.90	3.90	2.00	7.20	52.00	
1993	38.90	0.00	38.90	3.90	2.00	7.20	52.00	
1994	38.90	0.00	38.90	3.90	2.00	7.20	52.00	
1995	38.90	1.20	40.10	3.90	2.00	6.70	52.70	
1996	38.90	1.20	40.10	3.90	2.00	7.20	53.20	
1997	41.90	1.20	43.10	5.40	2.00	7.20	57.70	
1998	41.90	1.20	43.10	5.40	2.00	7.20	57.70	

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, 1999

Net Assessed Valuation	\$195,843,980
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	17,625,958
Applicable District Debt Outstanding	0
Less: Applicable Debt Service Fund Amounts	(36,429)
Net Indebtedness Subject to Limitation	0
Voted Legal Debt Margin	\$17,625,958
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	195,844
Applicable District Debt Outstanding	0
Unvoted Legal Debt Margin	\$195,844

(1) Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.
 All School District debt subject to the limitation is voted.

THE HEATH CITY SCHOOL DISTRICT, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
JUNE 30, 1999

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Heath City School District	Amount Applicable to Heath City School District
Heath City School District	\$1,268,571	100.00%	\$1,268,571
City of Heath	2,779,365	92.61%	2,573,970
Licking County	12,993,833	8.82%	1,146,056
Total			<u>\$4,988,597</u>

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 (1)	School Enrollment (2)	Unemployment Rate	
				Licking County (3)	Licking County (3)
1990	a 7,231	128,300	1,291	7.5%	
1991	b 7,302	128,300	1,272	6.2%	
1992	b 7,384	128,300	1,281	6.1%	
1993	b 7,452	128,300	1,296	6.3%	
1994	b 7,500	128,300	1,291	5.7%	
1995	b 7,650	128,300	1,321	4.8%	
1996	b 8,000	128,300	1,369	5.1%	
1997	c 8,100	137,500	1,434	3.9%	
1998	c 8,100	135,800	1,471	3.8%	
1999	c 8,100	135,800	1,535	3.8%	

Source: (1) U.S. Bureau of Census of Population - (a) Federal 1990 Census; (b) Estimated 1991 through 1999; (c) Chamber of Commerce
(2) Heath City School District, Board of Education
(3) 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
1989	15	\$837,800	4	\$1,335,000
1990	12	799,900	6	6,849,901
1991	14	1,196,500	8	5,187,500
1992	30	2,549,800	4	3,371,000
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

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, 1998

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Meritor Automotives, Inc.	Heavy Truck Axles	\$13,771,960	32.57%
2	Kaiser Aluminum and Chemical Corporation	Aluminum Products	8,257,430	19.53%
3	Wal*Mart	Retail Store	1,462,910	3.46%
4	Lowes	Home Improvement Center	1,229,950	2.91%
5	Koch Materials Company	Asphalt Materials	1,052,150	2.49%
6	Scars	Retail Store	1,043,000	2.47%
7	Southeastern Equipment Center	Heavy Equipment Rental	1,029,580	2.42%
8	Mathews Ford	Automobile Dealership	1,019,040	2.41%
9	Ashland Inc.	Petroleum Products	964,490	2.28%
10	Newark Chrysler Plymouth, Inc.	Automobile Dealership	770,660	1.82%
	Sub-Total		30,601,170	72.36%
	All Others		11,688,480	27.64%
	Total		\$42,289,650	100.00%

Source: Licking County Auditor - Land and Buildings
 Based on valuation of property in 1998

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, 1998

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Glimcher Properties Limited Partnership	Shopping Mall	\$19,502,390	12.70%
2	Ohio Power Co.	Utility Company - Electric	4,748,980	3.09%
3	Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,794,360	2.47%
4	Cross Creek Limited Partnership	Shopping Center	3,210,240	2.09%
5	Alltel Ohio, Inc.	Utility Company - Telephone	3,134,090	2.04%
6	Heathwood Village Limited Partnership	Apartments	2,599,930	1.69%
7	Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,581,010	1.68%
8	Southgate Association Limited Partnership	Shopping Center	2,457,420	1.60%
9	Rockwell/Meritor Heavy Vehicle System	Manufacturer	2,345,000	1.53%
10	National Gas and Oil Corporation	Utility Company - Gas	1,680,080	1.10%
		Sub-Total	46,053,500	29.99%
		All Others	107,500,830	70.01%
		Total	\$153,554,330	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 1998 -

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, 1998

	Employer	Type of Business	Number of Employees		
			Full Time	Part Time	Total
1	Central Ohio Aerospace and Technology Center	Manufacturing	1,242	0	1,242
2	Rockwell/Meritor Heavy Vehicle Systems	Manufacturing	1,051	0	1,051
3	Kaiser Aluminum and Chemical Corporation	Manufacturing	302	13	315
4	Wal-Mart Stores	Retail Sales	148	72	220
5	Krogers	Retail Grocery	125	75	200
6	Heath Nursing Home	Health Care	150	40	190
7	Englefield Oil	Petroleum Products	134	23	157
8	Sears	Retail Sales	51	105	156
9	Heath City Schools	Education	146	0	146
10	Mathews Ford	Automobile Sales and Service	110	1	111

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, 1999

Date of Incorporation	1922
Form of Government	School - Political Subdivision
Area (square miles)	11.29
Miles traveled by Transportation Fleet for the 1998-1999 School Year	13,456
Meals Served by Food Service Department for the 1998-1999 School Year	92,768

School Buildings	Grade Levels	Enrollment
Heath High School	9 - 12	449
Fulton Middle School	6 - 8	383
Stevenson Elementary School	3 - 5	355
Garfield Elementary School	K - 2	338

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
STAFF STATISTICS
JUNE 30, 1999

Average classroom teacher salary	\$40,282
Average classroom teacher experience	15.9 years
Districtwide student/teacher ratio	17.42 : 1

Certified Staff

Classroom Teachers	88
Instructional Support	5
Administrators and Supervisors	8

Support Staff

Administration	2
Operations	2
Maintenance	9
Transportation	10
Clerical	11
Aides	6
Food Service	15

Source: District Treasurer's Office

THE HEATH CITY SCHOOL DISTRICT, OHIO
TEACHERS EDUCATION AND EXPERIENCE STATISTICS
JUNE 30, 1998

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	14	15.9%
Bachelor + 15	29	32.9%
Master's Degree	32	36.4%
Master's + 15	7	8.0%
Master's + 30	6	6.8%
Total	88	100.0%

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	19	21.6%
6 - 10	14	15.9%
11 - 15	10	11.4%
16 - 20	11	12.5%
21 - 25	13	14.8%
26 and over	21	23.8%
Total	88	100.0%

Source: District Treasurer's Office

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

Fiscal Year	General Governmental Expenditures	Enrollment	Cost per Pupil
1990	\$5,017,343	1,291	\$3,886
1991	5,109,820	1,272	4,017
1992	5,445,043	1,281	4,251
1993	5,600,629	1,296	4,321
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	8,223,129	1,535	5,357

Source: District Treasurer's Office

*THE HEATH CITY SCHOOL DISTRICT, OHIO
TRANSPORTATION STATISTICS
JUNE 30, 1999*

Number of assigned school buses in fleet	13
Average age of school buses in fleet	11.5
Number of bus drivers	10
Number of miles driven per day	641
Number of miles driven annually	13,456
Average miles per bus	1,035

Students Transported per Day

Public School	1,063
Non-public School	22
Handicapped	16
Preschool	6
	1,107
Percent of student enrollment transported	72%

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
1990	106	104	96	102	103	98	80	99	80	88	90	103	99	43	1,291
1991	88	112	99	90	101	101	93	88	93	75	89	99	99	45	1,272
1992	101	88	104	96	98	102	103	93	82	93	80	94	101	46	1,281
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

Source: District Treasurer's Office



HEATH CITY SCHOOL DISTRICT
COLUMBUS REGION, LICKING COUNTY
AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
JULY 1, 1998 THROUGH JUNE 30, 1999

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

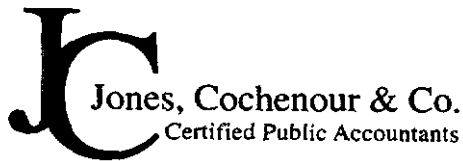
TABLE OF CONTENTS

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in accordance with *Government Auditing Standards*.....1**

**Findings related to the Financial Statements required to be
Reported in Accordance with GAGAS2**

Status of prior Audit Citations and Findings3

Conclusion Statement4



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

Board of Education
Heath City School District
Heath, Ohio

We have audited the general purpose financial statements of the Heath City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated October 22, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 Heath City School District's general purpose 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 1999-1454-001 through 1999-1454-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Heath City School District in a separate letter dated October 22, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Heath City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Heath City School District in a separate letter dated October 22, 1999.

This report is intended solely for the information and use of the board of education, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.
October 22, 1999

**HEATH CITY SCHOOL DISTRICT
FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
JUNE 30, 1999**

Finding Number	1999-1454-001
-----------------------	----------------------

Ohio Rev. Code 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. At year end, the District was in compliance with this ORC section. However, when compliance was tested throughout the fiscal period under audit, we noted that appropriations exceeded total estimated resources in several funds. We recommend the District monitor the estimated resources throughout the fiscal year and obtain an amended certificate of estimated resources when needed.

Finding Number	1999-1454-002
-----------------------	----------------------

Ohio Rev. Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, appropriations did not exceed expenditures. However, when compliance was tested throughout the fiscal period under audit, expenditures exceeded appropriations on some fund line items. We recommend the District monitor appropriations throughout the fiscal year and obtain amended appropriations as needed.

Finding Number	1999-1454-003
-----------------------	----------------------

Ohio Revised Code 5705.41(D) states that no orders or contracts involving the expenditures of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collections to the credit of an appropriate fund free from any previous encumbrances. The District had instances where expenditures were made prior to certification. We recommend the District obtain proper certification of funds prior to expenditure.

Finding Number	1999-1454-004
-----------------------	----------------------

Ohio Rev. Code 5705.391(B) requires school districts to prepare 5 year projections of revenues and expenditures as part of their spending plan and also to update the plan whenever actual revenues and expenditures deviate from the projections by 5% or more and contracts subject to 5705.412 are entered into. The District did not update the projection when actual revenues and expenditures deviated from the projection by more than 5% and when contracts subject to 5705.412 were entered into. We recommend the District monitor actual receipts and expenditures and update the 5 year projection when a deviation of more than 5% occurs.

**HEATH CITY SCHOOL DISTRICT
STATUS OF PRIOR AUDIT CITATIONS AND FINDINGS
JUNE 30, 1999**

<u>CITATIONS AND FINDINGS</u>	<u>Status</u>	<u>Comment if not Fully Implemented</u>
CITATIONS:		
1. ORC Section 5705.39 prohibits fund appropriation in excess of the estimated resources available for that fund.	Not Corrected	Treasurer will monitor this more closely.

**HEATH CITY SCHOOL DISTRICT
CONCLUSION STATEMENT
JUNE 30, 1999**

A post-audit conference with the Heath City School District officials was conducted on December 21, 1999, at which time they were notified they had five business days to respond to the preliminary report. Responses were reviewed.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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.

By: Susan Babbitt

Date: JAN 18 2000