

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

SINGLE AUDIT

June 30, 2004



**Auditor of State
Betty Montgomery**

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 Wilson, Shannon & Snow, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 3, 2005

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**Heath City School District
Licking County**

June 30, 2004

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**Heath City School District
Licking County**

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Year ended June 30, 2004

| Federal Grantor/ Pass-Through Grantor/Program or Cluster Title | Pass Through Entity Number | Federal CFDA Number | Cash Receipts | Non-cash Receipts | Cash Expenditures | Non-cash Disbursements |
|--|----------------------------------|---------------------------|-------------------|----------------------|----------------------|---------------------------|
| <u>U.S. Department of Agriculture</u> | | | | | | |
| Passed through Ohio Department of Education | | | | | | |
| Nutrition Cluster: | | | | | | |
| National School Lunch Program | LL-P4-03 & 04 | 10.555 | \$ 101,148 | \$ - | \$ 77,060 | \$ - |
| Food Distribution | | 10.550 | <u>-</u> | <u>45,226</u> | <u>-</u> | <u>45,226</u> |
| Total U.S. Department of Agriculture - Nutrition Cluster | | | <u>101,148</u> | <u>45,226</u> | <u>77,060</u> | <u>45,226</u> |
| <u>U.S. Department of Education</u> | | | | | | |
| Passed through Ohio Department of Education | | | | | | |
| Title I - Financial Assistance to Meet Special Needs of Disadvantaged Children | | | | | | |
| | C1-S1-04 | 84.010 | 229,021 | - | 219,297 | - |
| Title VI-B, Special Education: Assistance to States for Education for Handicapped Children | | | | | | |
| | 6B-SF-04 | 84.027 | 182,021 | - | 182,652 | - |
| Drug Free Schools Grant | DR-S1-04 | 84.186 | 5,382 | - | 21,073 | - |
| Enhancing Education Through Technology Program | TJ-S1-04 | 84.318 | 4,927 | - | 4,927 | - |
| Improving Teacher Quality | TR-S1-04 | 84.367 | 46,441 | - | 21,123 | - |
| Title V - Innovation Strategies | C2-S1-04 | 84.298 | <u>9,029</u> | <u>-</u> | <u>8,496</u> | <u>-</u> |
| Total U.S. Department of Education | | | 476,821 | - | 457,568 | - |
| <u>U.S. Department of Health and Human Services</u> | | | | | | |
| Passed through Ohio Department of Mental Retardation and Developmental Disabilities | | | | | | |
| Medical Assistance Program (CAFS) | | 93.778 | <u>34,739</u> | <u>-</u> | <u>43,252</u> | <u>-</u> |
| Total U.S. Department of Health and Human Services | | | <u>34,739</u> | <u>-</u> | <u>43,252</u> | <u>-</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$ 612,708</u> | <u>\$ 45,226</u> | <u>\$ 577,880</u> | <u>\$ 45,226</u> |

The accompanying notes are an integral part of this schedule.

Heath City School District

NOTES TO THE SCHEDULE OF FEDERAL AWARDS AND EXPENDITURES

June 30, 2004

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the accompanying schedule of federal awards receipts and expenditures at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.



Report On Compliance And On Internal Control Required by Government Auditing Standards

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Heath City School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2004 and have issued our report thereon dated January 5, 2005 wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statements 34, 37, and 38. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the District's ability to record process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-006. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 5, 2005.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk the misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2004-001 through 2004-006. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated January 5, 2005.

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
January 5, 2005



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

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

Compliance

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

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

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

Wilson, Shannon & Snow, Inc.

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

Internal Control Over Compliance

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

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

Schedule of Federal Awards Receipts and Expenditures

We have audited the financial statements of the governmental activities, each major fund and aggregate remaining fund information of Heath City School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2004, and have issued our report thereon dated January 5, 2005, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statements 34, 37, and 38. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as listed in the Table of Contents. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
January 5, 2005

**Heath City School District
Licking County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

June 30, 2004

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | | |
|---------------------|---|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | Yes |
| <i>(d)(1)(iii)</i> | Was there any reported material non-compliance at the financial statement level (GAGAS)? | Yes |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Title I – 84.010 Nutrition Cluster/10.550, 10.555 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

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

Finding Number

2004-001

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

The last amended certificate approved by the Budget Commission was on September 12, 2003, which totaled \$13,937,997. The estimated resources per the District's year-end cash report, the 4502 (accounting system), were \$14,194,592. The difference is \$256,595.

Finding Number

2004-002

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

The Board did not pass a final appropriation measure until June 28, 2004. The appropriations per the year-end report, the 4502 (accounting system), totaled \$14,035,677. The final Board approved appropriation measure totaled \$13,995,868. The difference is \$39,809.

Finding Number

2004-003

Ohio Rev. Code 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue.

Appropriations exceeded total estimated resources in the following funds:

| <u>Fund</u> | <u>Excess</u> |
|--|---------------|
| General Fund | \$408,219 |
| Special Revenue Funds | |
| District Managed Student Activity Fund | 22,268 |
| Auxiliary Services Fund | 4,426 |
| Data Communication Fund | 6,487 |
| Title VI-B Fund | 52,103 |
| Title I Fund | 151,198 |
| Title V Fund | 202 |
| Telecommunications Fund | 5,215 |
| Title II Fund | 5,940 |
| Food Service Fund | 15,227 |
| Rotary Fund | 2,955 |

We recommend the District monitor the estimated resources throughout the fiscal year and obtain an amended certificate of estimated resources when needed.

| | |
|-----------------------|-----------------|
| Finding Number | 2004-004 |
|-----------------------|-----------------|

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

At fiscal year end, actual expenditures exceeded appropriation in the following funds:

| <u>Fund</u> | <u>Expenditures</u> | <u>Appropriations</u> | <u>Variance</u> |
|--|---------------------|-----------------------|-------------------|
| District Managed Student Activity Fund | \$ 135,751 | \$ 132,112 | \$ (3,639) |
| Teacher Development | <u>273</u> | <u>214</u> | <u>(59)</u> |
| | \$ <u>136,024</u> | \$ <u>132,326</u> | \$ <u>(3,698)</u> |

| | |
|-----------------------|-----------------|
| Finding Number | 2004-005 |
|-----------------------|-----------------|

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

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

The treasurer did not calculate the set-asides for the fiscal year ended June 30, 2004.

However, the Treasurer recorded the recommended audit adjustments to comply with the State's set-aside requirements for fiscal year 2004.

| | |
|-----------------------|-----------------|
| Finding Number | 2004-006 |
|-----------------------|-----------------|

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

We recommend the Board of Education thoroughly review monthly Budgetary Reports and investigate significant unfavorable variances. The Board of Education should insure that the budgetary documents, such as the appropriation resolution and amended certificate of estimated resources are acted upon in a timely manner.

3. FINDINGS FOR FEDERAL AWARDS

None were noted

**Heath City School District
Licking County**

CORRECTIVE ACTION PLAN

June 30, 2004

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|---------------------|--|---|----------------------------|
| 2004-001 & 2004-003 | The Treasurer of the District will submit amended certificates of estimated resources as necessary to reflect sources of income that come available during the year. | This process will be implemented for fiscal year 2005 | Brad Hall, Treasurer |
| 2004-002 & 2004-004 | The Treasurer of the District will submit the final appropriation measure to the Board of Education and obtain approval. | This process will be implemented for fiscal year 2005 | Brad Hall, Treasurer |
| 2004-005 | The Treasurer of the District will establish capital and textbook reserve accounts required by ORC guidelines. | This process will be implemented for fiscal year 2005 | Brad Hall, Treasurer |
| 2004-006 | The Board will institute procedures to monitor compliance with Ohio budgetary laws. | This process will be implemented for fiscal year 2005 | Brad Hall, Treasurer |

**Heath City School District
Licking County**

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

June 30, 2004

| Finding Number | <u>Finding Summary</u> | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|-----------------------|--|-------------------------|---|
| 2003-001 | 5705.36- Amended certificate was not obtained to cover appropriations | No | Reissued as Finding 2004-001 |
| 2003-002 | 5705.38 – Annual Appropriation Measure was not passed by due date | No | Reissued as Finding 2004-002 |
| 2003-003 | 5705.39 – Appropriations exceeded estimated resources in several funds | No | Reissued as Finding 2004-003 |
| 2003-004 | 5705.41(B) – Expenditures were made that were not appropriated | No | Reissued as Finding 2004-004 |
| 2003-005 | 3315.171 & 3315.18 – Set-asides were not prepared by year-end | No | Partially corrected. Reissued as Finding 2004-005 |
| 2003-006 | Lack of adequate oversight over compliance with Ohio budgetary laws | No | Reissued as Finding 2004-006 |

HEATH CITY SCHOOL DISTRICT

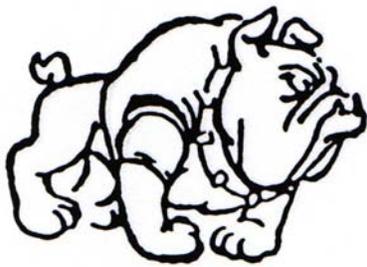
Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**



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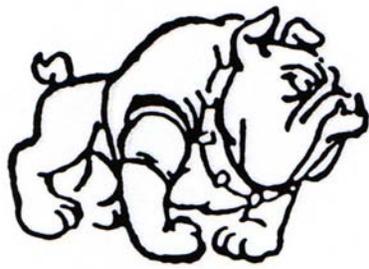
HEATH CITY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2004**

Prepared by:

**Mr. Bradley T. Hall
Treasurer**



HEATH CITY SCHOOL DISTRICT

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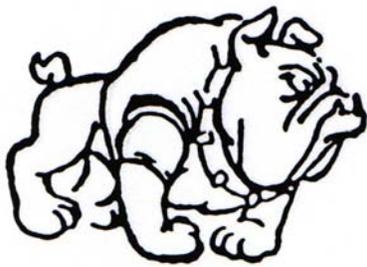
HEATH CITY SCHOOL DISTRICT

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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

January 5, 2005

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, 2004 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Generally Accepted Accounting Principals (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Heath City School District's MD&A can be found immediately following the independent auditor's report.

The CAFR is presented in three sections as follows:

The Introductory Section includes this transmittal letter, the District's organizational chart, a list of principal officials, and the GFOA Certificate of Achievement.

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the District's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

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

ECONOMIC CONDITIONS AND OUTLOOK

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

Over the last twenty years, the City of Heath has become the center of commercial growth in Licking County. Between 1985 and 2004 the number of Heath businesses has increased over 105%. Within the same time frame, residential growth increased by 30%. 2004 witnessed the construction of several new businesses including a Chipotle restaurant, Caribou Coffee House, a Mark Pi restaurant, and Heath Builder's Supply. Currently under construction are a Honda motorcycle shop and a Hampton Inn.

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

Beginning in 2003 residential construction starts exploded. Forty-three single family and 12 multi-family (all condominiums) permits were issued. Apparently, there is a very strong desire to locate families in Heath. At this time there are very few remaining lots, so residential construction began decreasing in 2004. Items that may change that scenario are proposed additional phases in Fox Run and River Oaks Subdivisions and a new residential site being planned by Mid-Ohio Development – but these lots will not be available until late in the year.

MAJOR INITIATIVES

Current:

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

During fiscal year 2004, the District focused on the continuing growth in student enrollment. The District's primary concerns dealt with improving test scores in the areas of Reading and Math. Several strategies were implemented with some showing sufficient gains and others not amounting to the effort that was involved. Another area of concern was to finalize all construction issues outstanding from the previous two years. Minor construction flaws were addressed along with changes in courses offered and traffic flow management. Along with these items, the City of Heath is currently upgrading their total infrastructure thus causing major issues with transportation.

The building on Fulton property which has been vacant and for sale since August 2002 was demolished in April 2004 and then the property was sold in July 2004.

Future:

During the 2004-2005 school year, the primary concentration will continue to focus on test scores. The district is always trying to improve the test scores. This is how our district is compared with other districts. Also, with the newly implemented diagnostic testing program mandated by the state and the "NO CHILD LEFT BEHIND" Act, districts will focus much of their attention to meeting these standards.

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

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal
For the Fiscal Year Ended June 30, 2004

FINANCIAL INFORMATION

ACCOUNTING SYSTEM -- The District's accounting system is organized on a fund basis. Each fund is a separate self-balancing accounting entity. The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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 and mileage expenses and equipment. Buildings and/or departments may move funds within their budgets with approval of the Superintendent and Treasurer. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

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

Investments are made with the primary objectives of:

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

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

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

OTHER INFORMATION

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

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2003. We believe this, our fifth 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.

HEATH CITY SCHOOL DISTRICT

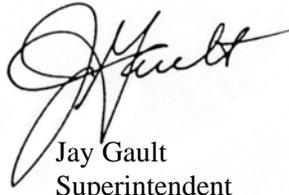
Letter of Transmittal

For the Fiscal Year Ended June 30, 2004

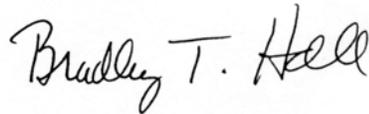
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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

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

Respectfully submitted,



Jay Gault
Superintendent



Bradley T. Hall
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2004

Members of the Board of Education

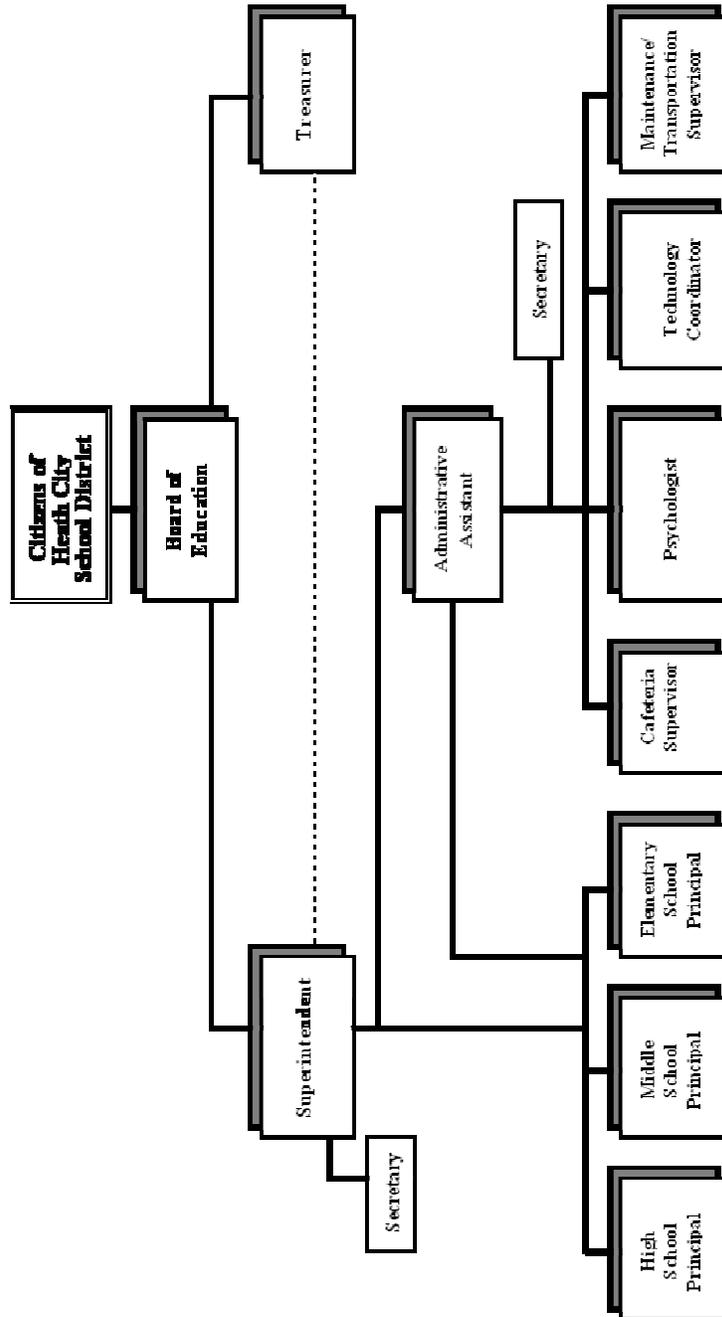
| | <u>Title</u> | <u>Years of Service</u> |
|--------------------|----------------|-------------------------|
| Mr. James Roberts | President | 7 |
| Mr. James Bowers | Vice president | 7 |
| Dr. Michael Gentry | Member | 7 |
| Mr. Steven Carson | Member | 5 |
| Mr. Gary Wimer | Member | 3 |

Administration

| | <u>Title</u> | <u>Years of Service</u> | |
|--------------------|----------------|-------------------------|--------------|
| | | <u>Position</u> | <u>Total</u> |
| Mr. James Roberts | President | 4 | 20 |
| Mr. James Bowers | Vice president | 9.5 | 23 |
| Dr. Michael Gentry | Member | 5 | 27 |

HEATH CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2004



HEATH CITY SCHOOL DISTRICT

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Heath City School District,
Ohio

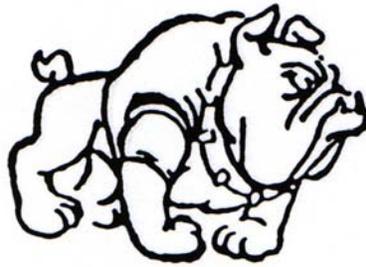
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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

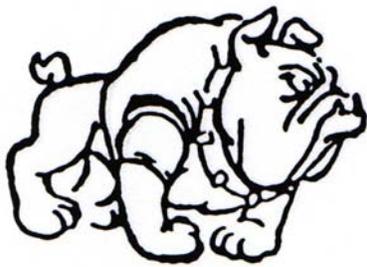


Edward Haney
President

Jeffrey R. Emer
Executive Director



FINANCIAL SECTION





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

Independent Auditors' Report

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

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

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

As disclosed in Note 2 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* for the year ended June 30, 2004.

Wilson, Shannon & Snow, Inc.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
January 5, 2005

HEATH CITY SCHOOL DISTRICT

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

Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- In total, net assets decreased \$128,208, which represents a 2.7% decrease from 2003.
- General revenues accounted for \$12,841,416 in revenue or 91.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,231,598 or 8.8% of total revenues of \$14,073,014.
- The District had \$13,829,440 in expenses related to governmental activities; only \$1,231,598 of these expenses were offset by program specific charges for services, grants or contributions. General revenues were not adequate to provide for these programs and it was necessary to make use of a portion of net assets to cover the expenses.
- Among major funds, the general fund had \$11,312,891 in revenues and \$10,888,361 in expenditures. The general fund's fund balance increased \$626,287 to \$1,073,287. This increase can be attributed to the first full year of collection from the 5.6 mill levy passage in November 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis and the basic financial statements and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. The Government-Wide Financial Statements – These statements provide both long-term and short-term information about the District's overall financial status.
2. The Fund Financial Statements – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

HEATH CITY SCHOOL DISTRICT

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

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

HEATH CITY SCHOOL DISTRICT

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

Unaudited

Fiduciary Funds – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

| | Governmental Activities |
|--|----------------------------|
| | <u>2004</u> |
| Current and other assets | \$10,365,186 |
| Capital assets, Net | 21,284,913 |
| Total assets | <u>31,650,099</u> |
| Long-term debt outstanding | 18,701,149 |
| Other liabilities | 8,245,038 |
| Total liabilities | <u>26,946,187</u> |
| Net assets | |
| Invested in capital assets, net of related debt | 3,565,368 |
| Restricted | 538,291 |
| Unrestricted | 600,253 |
| Total net assets | <u><u>\$4,703,912</u></u> |

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HEATH CITY SCHOOL DISTRICT

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

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2004:

| | Governmental Activities |
|--|----------------------------|
| | <u>2004</u> |
| Revenues | |
| Program revenues: | |
| Charges for Services and Sales | \$567,188 |
| Operating Grants and Contributions | 664,410 |
| General revenues: | |
| Property Taxes | 8,015,472 |
| Grants and Entitlements | 4,523,677 |
| Other | <u>302,267</u> |
| Total revenues | 14,073,014 |
| Program Expenses | |
| Instruction | 7,420,592 |
| Support Services: | |
| Pupils | 670,516 |
| Instructional Staff | 444,965 |
| Board of Education | 13,610 |
| Administration | 1,195,387 |
| Fiscal Services | 465,977 |
| Business | 33,354 |
| Operation and Maintenance of Plant | 1,067,835 |
| Pupil Transportation | 393,860 |
| Central | 220,088 |
| Operation of Non-Instructional Services: | |
| Community Services | 4,576 |
| Food Service Operations | 470,482 |
| Extracurricular Activities | 455,412 |
| Interest and Fiscal Charges | <u>972,786</u> |
| Total expenses | <u>13,829,440</u> |
| Change in Net Assets before Special Item | 243,574 |
| Special Item: Loss on Disposal of Capital Assets | <u>(371,782)</u> |
| Change in Net Assets | (128,208) |
| Beginning Net Assets | <u>4,832,120</u> |
| Ending Net Assets | <u><u>\$4,703,912</u></u> |

HEATH CITY SCHOOL DISTRICT

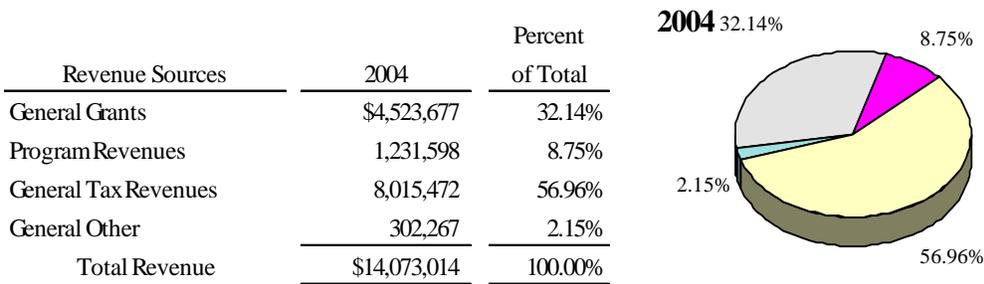
*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004*

Unaudited

Governmental Activities

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

Property taxes made up 57% of revenues for governmental activities for Heath City Schools in fiscal year 2004. The District's reliance upon tax revenues is demonstrated by the following graph:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$1,491,204, which is above last year's total of \$900,752. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2004 and 2003.

| | Fund Balance June 30, 2004 | Fund Balance June 30, 2003 | Increase (Decrease) |
|--------------------|-------------------------------|-------------------------------|------------------------|
| General | \$1,073,287 | \$447,000 | \$626,287 |
| Bond Retirement | 124,137 | 99,579 | 24,558 |
| Other Governmental | 293,780 | 354,173 | (60,393) |
| Total | \$1,491,204 | \$900,752 | \$590,452 |

HEATH CITY SCHOOL DISTRICT

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

Unaudited

General Fund – The tables that follow assist in illustrating the financial activities and balance of the General Fund:

| | 2004 Revenues | 2003 Revenues | Increase (Decrease) |
|---------------------------|------------------|------------------|------------------------|
| Taxes | \$6,675,056 | \$6,382,461 | \$292,595 |
| Tuition | 108,289 | 111,934 | (3,645) |
| Investment Earnings | 14,935 | 14,878 | 57 |
| Intergovernmental - State | 4,371,621 | 3,914,706 | 456,915 |
| All Other Revenue | 142,990 | 139,748 | 3,242 |
| Total | \$11,312,891 | \$10,563,727 | \$749,164 |

General Fund revenues in 2004 increased approximately 7.1% compared to revenues in fiscal year 2003. The primary factors contributing to this increase include increases in tax revenue and state foundation monies received.

| | 2004 Expenditures | 2003 Expenditures | Increase (Decrease) |
|--|----------------------|----------------------|------------------------|
| Instruction | \$6,297,554 | \$5,955,215 | \$342,339 |
| Supporting Services: | | | |
| Pupils | 544,671 | 539,951 | 4,720 |
| Instructional Staff | 301,246 | 256,878 | 44,368 |
| Board of Education | 13,610 | 12,805 | 805 |
| Administration | 1,077,472 | 1,006,384 | 71,088 |
| Fiscal Services | 424,195 | 367,655 | 56,540 |
| Business | 13,568 | 19,743 | (6,175) |
| Operation and Maintenance of Plant | 1,351,689 | 1,111,487 | 240,202 |
| Pupil Transportation | 340,581 | 425,318 | (84,737) |
| Central | 179,072 | 175,310 | 3,762 |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 2,902 | 2,481 | 421 |
| Extracurricular Activities | 234,210 | 230,602 | 3,608 |
| Capital Outlay | 107,591 | 36,806 | 70,785 |
| Total | \$10,888,361 | \$10,140,635 | \$747,726 |

The expenditures increased by \$747,726 or 7.4% compared to the prior year mostly due to a significant increase in instruction. This increase in instruction was the result of the hiring of additional teachers as well as salary increases. The increase in Instructional Staff was due to the hiring of additional education aides. Fiscal Services increased because outside contractor fees increased. Entering into new capital leases resulted in the increase for Operation and Maintenance of Plant. The decrease in Pupil Transportation was due to the purchase of a handicapped bus in 2003. Capital Outlay increased as a result of demolition costs for Fulton Middle School.

HEATH CITY SCHOOL DISTRICT

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

Unaudited

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

During the course of fiscal year 2004 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was \$10 million, equaling original budget estimates of \$10 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the District had \$21,284,913 net of accumulated depreciation invested in land, buildings, equipment and vehicles. The following table shows fiscal year 2003 and 2004 balances:

| | Governmental Activities | | Increase (Decrease) |
|--------------------------------|----------------------------|--------------|------------------------|
| | 2004 | 2003 | |
| Land | \$461,372 | \$461,372 | \$0 |
| Land Improvements | 961,180 | 961,180 | 0 |
| Buildings and Improvements | 20,865,587 | 21,624,054 | (758,467) |
| Machinery and Equipment | 3,388,205 | 3,383,828 | 4,377 |
| Vehicles | 657,465 | 683,331 | (25,866) |
| Less: Accumulated Depreciation | (5,048,896) | (5,007,730) | (41,166) |
| Totals | \$21,284,913 | \$22,106,035 | (\$821,122) |

The primary decrease occurred in buildings and improvements, which was the result of the District demolishing Fulton Middle School and disposing of some of the machinery and equipment in the building. The disposals of machinery and equipment were offset by routine replacements of the same.

Additional information on the District's capital assets can be found in Note 10.

HEATH CITY SCHOOL DISTRICT

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

Unaudited

Debt

At June 30, 2004, the District had \$18.7 million in general obligation bonds, long-term notes, capital leases and compensated absences outstanding, \$516,424 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2004:

| | 2004 | 2003 |
|----------------------------------|---------------------|---------------------|
| Governmental Activities: | | |
| General Obligation Bonds Payable | \$17,016,111 | \$17,204,818 |
| Long-Term Notes Payable | 475,000 | 630,000 |
| Capital Leases Payable | 228,434 | 101,022 |
| Compensated Absences | 981,604 | 826,863 |
| Totals | <u>\$18,701,149</u> | <u>\$18,762,703</u> |

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2004, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

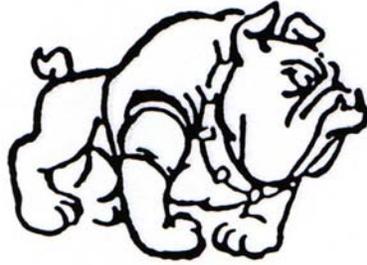
The District is strong financially, but with the passage of HB 95 the District will receive less per student than originally budgeted and with the increase in salaries and increased health care cost the District will face budget challenges in the up coming years.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed, 'the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient.' The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

In conclusion, the Heath City School District has committed itself to financial excellence for many years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Bradley T. Hall, Heath City School District.



HEATH CITY SCHOOL DISTRICT

Statement of Net Assets ***June 30, 2004***

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 1,541,067 |
| Investments | 3,300 |
| Receivables: | |
| Taxes | 8,806,215 |
| Inventory | 14,604 |
| Capital Assets, Net | 21,284,913 |
| Total Assets | 31,650,099 |
| Liabilities: | |
| Accounts Payable | 24,668 |
| Accrued Wages and Benefits | 807,871 |
| Intergovernmental Payable | 272,463 |
| Deferred Revenue - Taxes | 7,025,668 |
| Early Retirement Incentive Payable | 35,690 |
| Accrued Interest Payable | 78,678 |
| Long Term Liabilities: | |
| Due Within One Year | 516,424 |
| Due in More Than One Year | 18,184,725 |
| Total Liabilities | 26,946,187 |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 3,565,368 |
| Restricted For: | |
| Capital Projects | 55,330 |
| Debt Service | 72,953 |
| Other Purposes | 410,008 |
| Unrestricted | 600,253 |
| Total Net Assets | \$ 4,703,912 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2004

| | Expenses | Program Revenues | | Net (Expense) Revenue and Change in Net Assets |
|--|----------------------|--------------------------------------|--|---|
| | | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Instruction | \$ 7,420,592 | \$ 193,636 | \$ 358,771 | \$ (6,868,185) |
| Support Services: | | | | |
| Pupils | 670,516 | 29,604 | 0 | (640,912) |
| Instructional Staff | 444,965 | 0 | 121,486 | (323,479) |
| Board of Education | 13,610 | 0 | 0 | (13,610) |
| Administration | 1,195,387 | 0 | 0 | (1,195,387) |
| Fiscal Services | 465,977 | 0 | 231 | (465,746) |
| Business | 33,354 | 0 | 6,026 | (27,328) |
| Operation and Maintenance of Plant | 1,067,835 | 0 | 0 | (1,067,835) |
| Pupil Transportation | 393,860 | 0 | 10,000 | (383,860) |
| Central | 220,088 | 0 | 12,000 | (208,088) |
| Operation of Non-Instructional Services: | | | | |
| Community Services | 4,576 | 0 | 5,545 | 969 |
| Food Service Operations | 470,482 | 280,018 | 150,351 | (40,113) |
| Extracurricular Activities | 455,412 | 63,930 | 0 | (391,482) |
| Interest and Fiscal Charges | 972,786 | 0 | 0 | (972,786) |
| Total Governmental Activities | \$ 13,829,440 | \$ 567,188 | \$ 664,410 | (12,597,842) |
| General Revenues | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 6,677,199 |
| Debt Service | | | | 1,256,149 |
| Capital Outlay | | | | 82,124 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 4,523,677 |
| Investment Earnings | | | | 23,310 |
| Miscellaneous | | | | 278,957 |
| Total General Revenues | | | | 12,841,416 |
| Special Item: Loss on Disposal of Capital Assets | | | | (371,782) |
| Change in Net Assets | | | | (128,208) |
| Restated Net Assets Beginning of Year | | | | 4,832,120 |
| Net Assets End of Year | | | | \$ 4,703,912 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2004

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 918,448 | \$ 7,437 | \$ 323,404 | \$ 1,249,289 |
| Investments | 3,300 | 0 | 0 | 3,300 |
| Receivables: | | | | |
| Taxes | 7,366,869 | 1,209,845 | 229,501 | 8,806,215 |
| Due from Other Funds | 0 | 0 | 12,000 | 12,000 |
| Inventory | 0 | 0 | 14,604 | 14,604 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 291,778 | 0 | 0 | 291,778 |
| Total Assets | \$ 8,580,395 | \$ 1,217,282 | \$ 579,509 | \$ 10,377,186 |
| Liabilities: | | | | |
| Accounts Payable | \$ 19,419 | \$ 0 | \$ 5,249 | \$ 24,668 |
| Accrued Wages and Benefits | 751,248 | 0 | 56,623 | 807,871 |
| Intergovernmental Payable | 178,390 | 0 | 4,256 | 182,646 |
| Due to Other Funds | 12,000 | 0 | 0 | 12,000 |
| Deferred Revenue - Taxes | 6,471,233 | 1,093,145 | 219,601 | 7,783,979 |
| Early Retirement Incentive Payable | 35,690 | 0 | 0 | 35,690 |
| Compensated Absences Payable | 39,128 | 0 | 0 | 39,128 |
| Total Liabilities | 7,507,108 | 1,093,145 | 285,729 | 8,885,982 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 38,053 | 0 | 37,094 | 75,147 |
| Reserved for Supplies Inventory | 0 | 0 | 14,604 | 14,604 |
| Reserved for Debt Service | 0 | 7,437 | 0 | 7,437 |
| Reserved for Property Taxes | 728,400 | 116,700 | 9,900 | 855,000 |
| Statutory Reserves | 291,778 | 0 | 0 | 291,778 |
| Unreserved, Undesignated in: | | | | |
| General Fund | 15,056 | 0 | 0 | 15,056 |
| Special Revenue Funds | 0 | 0 | 208,146 | 208,146 |
| Capital Projects Funds | 0 | 0 | 24,036 | 24,036 |
| Total Fund Balances | 1,073,287 | 124,137 | 293,780 | 1,491,204 |
| Total Liabilities and Fund Balances | \$ 8,580,395 | \$ 1,217,282 | \$ 579,509 | \$ 10,377,186 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
June 30, 2004***

| | |
|--|-----------------------------------|
| Total Governmental Fund Balances | \$ 1,491,204 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because</i> | |
| Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. | 21,284,913 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | 758,311 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| Pension Obligation (Intergovernmental Payable) | (89,817) |
| Long-Term Notes Payable | (475,000) |
| General Obligation Bonds Payable | (17,016,111) |
| Capital Leases Payable | (228,434) |
| Compensated Absences Payable | (942,476) |
| Accrued Interest Payable | (78,678) |
| | <u>(18,830,516)</u> |
| <i>Net Assets of Governmental Activities</i> | <u><u>\$ 4,703,912</u></u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2004

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 6,675,056 | \$ 1,257,856 | \$ 81,295 | \$ 8,014,207 |
| Tuition | 108,289 | 0 | 0 | 108,289 |
| Food Services | 0 | 0 | 280,018 | 280,018 |
| Investment Earnings | 14,935 | 0 | 8,375 | 23,310 |
| Extracurricular Activities | 0 | 0 | 63,930 | 63,930 |
| Class Materials and Fees | 0 | 0 | 82,661 | 82,661 |
| Intergovernmental - State | 4,371,621 | 109,545 | 59,713 | 4,540,879 |
| Intergovernmental - Federal | 0 | 0 | 623,193 | 623,193 |
| All Other Revenue | 142,990 | 0 | 191,760 | 334,750 |
| Total Revenue | <u>11,312,891</u> | <u>1,367,401</u> | <u>1,390,945</u> | <u>14,071,237</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 6,297,554 | 0 | 580,268 | 6,877,822 |
| Supporting Services: | | | | |
| Pupils | 544,671 | 0 | 101,070 | 645,741 |
| Instructional Staff | 301,246 | 0 | 108,935 | 410,181 |
| Board of Education | 13,610 | 0 | 0 | 13,610 |
| Administration | 1,077,472 | 0 | 215 | 1,077,687 |
| Fiscal Services | 424,195 | 18,639 | 17,182 | 460,016 |
| Business | 13,568 | 0 | 17,888 | 31,456 |
| Operation and Maintenance of Plant | 1,351,689 | 0 | 12,947 | 1,364,636 |
| Pupil Transportation | 340,581 | 0 | 10,000 | 350,581 |
| Central | 179,072 | 0 | 38,993 | 218,065 |
| Operation of Non-Instructional Services: | | | | |
| Community Services | 0 | 0 | 4,139 | 4,139 |
| Food Service Operations | 2,902 | 0 | 435,646 | 438,548 |
| Extracurricular Activities | 234,210 | 0 | 121,596 | 355,806 |
| Capital Outlay | 107,591 | 0 | 44,015 | 151,606 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 395,000 | 0 | 395,000 |
| Interest and Fiscal Charges | 0 | 929,204 | 0 | 929,204 |
| Total Expenditures | <u>10,888,361</u> | <u>1,342,843</u> | <u>1,492,894</u> | <u>13,724,098</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | 424,530 | 24,558 | (101,949) | 347,139 |
| Other Financing Sources (Uses): | | | | |
| Other Financing Sources - Capital Lease | 238,745 | 0 | 0 | 238,745 |
| Sale of Capital Assets | 512 | 0 | 0 | 512 |
| Transfers In | 0 | 0 | 37,500 | 37,500 |
| Transfers Out | (37,500) | 0 | 0 | (37,500) |
| Total Other Financing Sources (Uses) | <u>201,757</u> | <u>0</u> | <u>37,500</u> | <u>239,257</u> |
| Net Change in Fund Balance | 626,287 | 24,558 | (64,449) | 586,396 |
| Restated Fund Balances at Beginning of Year | 447,000 | 99,579 | 354,173 | 900,752 |
| Increase in Inventory Reserve | 0 | 0 | 4,056 | 4,056 |
| Fund Balances End of Year | <u>\$ 1,073,287</u> | <u>\$ 124,137</u> | <u>\$ 293,780</u> | <u>\$ 1,491,204</u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended June 30, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ 586,396

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (449,340)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets. (371,782)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,265

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 216,295

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 7,711

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

| | | |
|--|-----------|-----------|
| Compensated Absences | (115,613) | |
| Pension Obligation (Intergovernmental Payable) | (7,196) | |
| Change in Inventory | 4,056 | |
| | (118,753) | (118,753) |

Change in Net Assets of Governmental Activities \$ (128,208)

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2004**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 6,539,000 | \$ 6,539,000 | \$ 6,622,283 | \$ 83,283 |
| Tuition | 96,100 | 96,100 | 108,289 | 12,189 |
| Investment Earnings | 17,500 | 17,500 | 15,535 | (1,965) |
| Intergovernmental - State | 3,200,000 | 3,200,000 | 4,424,621 | 1,224,621 |
| All Other Revenues | 130,922 | 130,922 | 142,990 | 12,068 |
| Total Revenues | <u>9,983,522</u> | <u>9,983,522</u> | <u>11,313,718</u> | <u>1,330,196</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 6,559,855 | 6,360,850 | 6,298,943 | 61,907 |
| Support Services: | | | | |
| Pupils | 563,386 | 563,386 | 549,128 | 14,258 |
| Instructional Staff | 304,843 | 304,843 | 302,441 | 2,402 |
| Board of Education | 15,075 | 15,075 | 13,929 | 1,146 |
| Administration | 1,099,663 | 1,099,663 | 1,092,608 | 7,055 |
| Fiscal Services | 432,424 | 432,424 | 427,346 | 5,078 |
| Business | 15,135 | 15,135 | 13,736 | 1,399 |
| Operation and Maintenance of Plant | 1,348,160 | 1,219,267 | 1,140,919 | 78,348 |
| Pupil Transportation | 394,746 | 394,746 | 382,317 | 12,429 |
| Central | 165,497 | 165,497 | 162,905 | 2,592 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 2,621 | 2,621 | 2,620 | 1 |
| Extracurricular Activities | 277,204 | 277,204 | 275,872 | 1,332 |
| Capital Outlay | 130,200 | 130,200 | 107,775 | 22,425 |
| Total Expenditures | <u>11,308,809</u> | <u>10,980,911</u> | <u>10,770,539</u> | <u>210,372</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,325,287) | (997,389) | 543,179 | 1,540,568 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 0 | 0 | 512 | 512 |
| Total Other Financing Sources (Uses): | <u>0</u> | <u>0</u> | <u>512</u> | <u>512</u> |
| Net Change in Fund Balance | (1,325,287) | (997,389) | 543,691 | 1,541,080 |
| Fund Balance at Beginning of Year | 502,022 | 502,022 | 502,022 | 0 |
| Prior Year Encumbrances | 87,148 | 87,148 | 87,148 | 0 |
| Fund Balance at End of Year | <u>\$ (736,117)</u> | <u>\$ (408,219)</u> | <u>\$ 1,132,861</u> | <u>\$ 1,541,080</u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2004

| | Private Purpose Trust <u>Special Trust</u> <u>Fund</u> | <u>Agency</u> |
|---------------------------|---|---------------|
| Assets: | | |
| Cash and Cash Equivalents | \$ 2,123 | \$ 37,991 |
| Total Assets | <u>2,123</u> | <u>37,991</u> |
| Liabilities: | | |
| Due to Students | 0 | 37,991 |
| Total Liabilities | <u>0</u> | <u>37,991</u> |
| Net Assets: | | |
| Unrestricted | <u>2,123</u> | <u>0</u> |
| Total Net Assets | <u>\$ 2,123</u> | <u>\$ 0</u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2004

| | Private Purpose Trust <u>Special Trust Fund</u> |
|--|---|
| Additions: | |
| Investment Earnings: | |
| Interest | \$ 42 |
| Total Additions | <u>42</u> |
| Deductions: | |
| Community Gifts, Awards and Scholarships | <u>393</u> |
| Total Deductions | <u>393</u> |
| Change in Net Assets | (351) |
| Net Assets at Beginning of Year | <u>2,474</u> |
| Net Assets End of Year | <u><u>\$ 2,123</u></u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 58 noncertified and approximately 112 certified teaching personnel and administrative employees providing education to 1,641 students.

The accompanying basic 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, 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 following fund types 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 major governmental funds:

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

Bond Retirement Fund - This fund is used for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

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

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

C. Basis of Presentation and Measurement Focus – Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus and differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus – Financial Statements (Continued)

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Private purpose trust funds are reported using the economic resources measurement focus.

D. 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. 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. Grants and entitlements must also meet eligibility, timing and any contingency requirements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on general long-term debt which is recognized when due.

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

Current property taxes measurable at June 30, 2004, and which are not intended to finance fiscal 2004 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, 2004 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

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

E. Budgetary Process

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

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

1. Tax Budget

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2004.

3. Appropriations

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

| <u>Net Change in Fund Balance</u> | |
|--|-------------------------|
| | <u>General Fund</u> |
| GAAP Basis (as reported) | \$626,287 |
| Increase (Decrease): | |
| Accrued Revenues at June 30, 2004, received during FY 2005 | (895,636) |
| Accrued Revenues at June 30, 2003, received during FY 2004 | 880,363 |
| Accrued Expenditures at June 30, 2004, paid during FY 2005 | 1,035,875 |
| Accrued Expenditures at June 30, 2003, paid during FY 2004 | (1,048,603) |
| FY 2003 Prepays for FY 2004 | 26,070 |
| Encumbrances Outstanding | <u>(80,665)</u> |
| Budget Basis | <u><u>\$543,691</u></u> |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2004, 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 basic 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 5, "Cash, Cash Equivalents and Investments."

G. 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 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004. See Note 5, "Cash, Cash Equivalents and Investments."

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, if material. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$500.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business-type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital 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 capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets are depreciated excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (in years)</u> |
|--|-----------------------------------|
| Land Improvements | 10-20 |
| Buildings and Improvements | 50 |
| Machinery, Equipment, Furniture and Fixtures | 7-20 |
| Vehicles | 10 |

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. 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. Compensated absences accumulated by governmental fund type employees are retired as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include Statutory Set Asides of \$291,778 as well as restricted state and federal grants.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Pensions

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

N. Interfund Activity

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

O. 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.

P. Restricted Assets

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

Q. 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS

A. Changes in Accounting Principles

For fiscal year 2004, the District has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; and GASB Statement No. 38, “*Certain Financial Statement Note Disclosures.*”

GASB 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the District’s programs as governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

The changes to the beginning fund equity, as well as the transition from fund balance/retained earnings to net assets of the governmental activities and the business-type activities are as follows:

| | Governmental Activities | Business-Type Activities | Fiduciary Funds |
|---|----------------------------|-----------------------------|--------------------|
| Fund Equity June 30, 2003 | \$751,853 | \$274,244 | \$37,195 |
| Adjustments: | | | |
| Reclassified from Fiduciary to Governmental Type Funds | 34,721 | 0 | (34,721) |
| Reclassified from Proprietary to Governmental Type Funds | 114,178 | (274,244) | 0 |
| Restated Fund Equity, June 30, 2003 | 900,752 | 0 | \$2,474 |
| GASB 34 Adjustments: | | | |
| Capital Assets | 22,106,035 | 0 | |
| Long-Term Liabilities | (18,931,713) | 0 | |
| Long-Term (Deferred) Assets | 757,046 | 0 | |
| Net Assets, June 30, 2003 | \$4,832,120 | \$0 | |

HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which depreciation exceeded capital outlays in the current period:

| | |
|----------------------|-------------|
| Capital Outlay | \$401,815 |
| Depreciation Expense | (851,155) |
| | (\$449,340) |

Governmental revenues not reported in the funds:

| | |
|------------------------------------|---------|
| Increase in Delinquent Tax Revenue | \$1,265 |
| | \$1,265 |

Net amount of long-term debt issuance and bond and lease principal payments:

| | |
|-------------------------|-----------|
| Bond Principal Payment | \$240,000 |
| Interest Accretion | (51,293) |
| Long-term Notes Payable | 155,000 |
| Capital Lease Payment | 111,333 |
| Capital lease Proceeds | (238,745) |
| | \$216,295 |

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equities

The fund deficit at June 30, 2004 of \$1,482 in the Title I Fund (special revenue) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures over Appropriations (Continued)

For the year ended June 30, 2004, expenditures exceeded appropriations at the fund level (i.e., the legal level of budgetary control) as follows:

| <u>Fund</u> | <u>Excess</u> |
|--|---------------|
| Special Revenue Fund: | |
| District Managed Student Activities Fund | \$ 3,639 |
| Teacher Development Fund | 59 |

C. Excess Appropriations over Estimated Revenues

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

| <u>Fund</u> | <u>Excess</u> |
|--|---------------|
| General Fund | \$ 408,219 |
| Special Revenue Funds: | |
| Food Service Fund | 15,227 |
| Rotary Fund | 2,955 |
| District Managed Student Activity Fund | 22,268 |
| Auxiliary Services Fund | 4,426 |
| Data Communication Fund | 6,487 |
| Title VI-B Fund | 52,103 |
| Title I Fund | 151,198 |
| Title V Fund | 202 |
| Telecommunications Fund | 5,215 |
| Title II Fund | 5,940 |

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
- Under limited circumstances, corporate debt interest rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District's deposits was \$305,745 and the bank balance was \$415,699. Federal Deposit Insurance Corporation (FDIC) insured \$103,600 of the bank balance; the remaining deposits are classified as Category 3.

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2004 were as follows:

| | Category 2 | Fair Value |
|-----------------------------------|------------|-------------|
| Categorized Investments | | |
| Repurchase Agreements | \$185,025 | \$185,025 |
| Noncategorized Investments | | |
| STAR Ohio | N/A | 1,093,711 |
| Total Investments | \$185,025 | \$1,278,736 |

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the 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.

| | Cash and Cash Equivalents | Investments |
|--|------------------------------|-------------|
| Per Financial Statements | \$1,581,181 | \$3,300 |
| Certificates of Deposit (with maturities of more than 3 months) | 3,300 | (3,300) |
| Repurchase Agreements | (185,025) | 185,025 |
| STAR Ohio | (1,093,711) | 1,093,711 |
| Per GASB Statement No. 3 | \$305,745 | \$1,278,736 |

NOTE 6 - 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 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 6 - PROPERTY TAXES (Continued)

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 2004, upon which the 2003 levies were based, were as follows:

| | <u>Assessed Values for Collection in:</u> | |
|--|---|------------------------|
| | <u>2003 Second Half</u> | <u>2004 First Half</u> |
| Agricultural/Residential and Other Real Estate | \$195,425,090 | \$198,958,880 |
| Public Utility Personal | 6,531,640 | 6,357,200 |
| Tangible Personal Property | <u>38,931,420</u> | <u>36,850,610</u> |
| Total Assessed Value | <u>\$240,888,150</u> | <u>\$242,166,690</u> |
| Tax rate per \$1,000 of assessed valuation | \$50.52 | \$50.10 |

NOTE 7 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes and interfund loan receivables.

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004***

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2004, is as follows:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|--------------------------|---------------------------------|-------------------------------|
| General Fund | \$0 | \$12,000 |
| Other Governmental Funds | 12,000 | 0 |
| Totals | <u>\$12,000</u> | <u>\$12,000</u> |

The interfund balance represents interest earnings due from the General Fund to a nonmajor special revenue fund.

NOTE 9 – TRANSFERS

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------|--------------------|---------------------|
| General Fund | \$0 | \$37,500 |
| Other Governmental Funds | 37,500 | 0 |
| Totals | <u>\$37,500</u> | <u>\$37,500</u> |

The transfer from the General Fund was to provide funds for a nonmajor capital projects fund.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2004:

| <i>Historical Cost:</i> | Restated | | | |
|--|---------------------------|---------------|---------------|---------------|
| Class | June 30, 2003 | Additions | Deletions | June 30, 2004 |
| <i>Capital Assets not being depreciated:</i> | | | | |
| Land | \$461,372 | \$0 | \$0 | \$461,372 |
| <i>Capital Assets being depreciated:</i> | | | | |
| Land Improvements | 961,180 | 0 | 0 | 961,180 |
| Buildings and Improvements | 21,624,054 | 0 | (758,467) | 20,865,587 |
| Machinery and Equipment | 3,383,828 | 401,815 | (397,438) | 3,388,205 |
| Vehicles | 683,331 | 0 | (25,866) | 657,465 |
| Total Cost | \$27,113,765 | \$401,815 | (\$1,181,771) | \$26,333,809 |
| <i>Accumulated Depreciation:</i> | | | | |
| Class | Restated June 30, 2003 | Additions | Deletions | June 30, 2004 |
| Land Improvements | (\$275,462) | (\$47,994) | \$0 | (\$323,456) |
| Buildings and Improvements | (2,506,628) | (424,570) | 546,096 | (2,385,102) |
| Furniture, Fixtures and Equipment | (1,890,105) | (351,079) | 246,563 | (1,994,621) |
| Vehicles | (335,535) | (27,512) | 17,330 | (345,717) |
| Total Depreciation | (\$5,007,730) | (\$851,155) * | \$809,989 | (\$5,048,896) |
| <i>Net Value:</i> | \$22,106,035 | | | \$21,284,913 |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|--|-----------|
| Instruction | \$529,496 |
| Support Services: | |
| Pupils | 25,062 |
| Instructional Staff | 31,739 |
| Administration | 43,978 |
| Fiscal Services | 1,573 |
| Business | 1,898 |
| Operations and Maintenance of Plant | 42,701 |
| Pupil Transportation | 37,381 |
| Central | 1,665 |
| Operation of Non-Instructional Services: | |
| Community Services | 437 |
| Food Service | 35,221 |
| Extracurricular Activities | 100,004 |
| Total Depreciation Expense | \$851,155 |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2003, (latest information available) 8.17% was allocated to fund the pension benefit and 5.83% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2004, 2003, and 2002 were \$184,884, \$174,264, and \$166,392, 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 2003 employer contribution rate (latest information available) that was used to fund health care for the year 2003 was 5.83%. 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 2004, the minimum pay has been established as \$25,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$101,640.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204,930,737 and the target level was \$307.4 million. Net assets available for payment of benefits at June 30, 2003 were \$303.6 million.

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

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

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, 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, 2003, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2004, 2003, and 2002 were \$765,732, \$781,632, and \$722,604, respectively, which were equal to the required contributions for each year.

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2003, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Reserve Fund, which amounted to \$54,695 for the District. The balance of the Health Care Reserve Fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003, the net health care costs paid by STRS were \$352,301,000. There were 108,294 eligible benefit recipients.

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The original amounts of the Long-Term Notes Payable of \$1,000,000 and \$400,000 were used to finance the cost of computers and related technological equipment and the cost of acquiring and installing energy conservation measures, respectively. The original amounts of the General Obligation Bonds Payable of \$993,350, \$175,000 and \$16,248,718 were used to finance the cost of various building renovations, the purchase of school busses and the cost of building a new high school and other building additions.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Detail of the changes in the notes, bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2004 is as follows:

| | | Balance June 30, 2003 | Issued | Retired | Balance June 30, 2004 | Due Within One Year |
|--|-----------|--------------------------|-----------|-------------|--------------------------|------------------------|
| Governmental Activities: | | | | | | |
| (Long-Term Notes Payable) | | | | | | |
| Permanent Improvement | 4.70% | \$400,000 | \$0 | (\$100,000) | \$300,000 | \$100,000 |
| Energy Conservation Project | 4.50% | 230,000 | 0 | (55,000) | 175,000 | 55,000 |
| Total Long-Term Notes Payable | | 630,000 | 0 | (155,000) | 475,000 | 155,000 |
| (General Obligation Bonds Payable) | | | | | | |
| School Improvement Bonds | 6.38% | 985,000 | 0 | (5,000) | 980,000 | 5,000 |
| School Bus Bonds | 5.5-6.1% | 100,000 | 0 | (50,000) | 50,000 | 50,000 |
| School Improvement Bonds | 4.35-5.6% | 16,023,718 | 0 | (185,000) | 15,838,718 | 195,000 |
| | | 17,108,718 | 0 | (240,000) | 16,868,718 | 250,000 |
| Interest Accretion | | 96,100 | 51,293 | 0 | 147,393 | 0 |
| Total General Obligation Bonds Payable | | 17,204,818 | 51,293 | (240,000) | 17,016,111 | 250,000 |
| Capital Leases | | 101,022 | 238,745 | (111,333) | 228,434 | 43,168 |
| Compensated Absences | | 826,863 | 197,135 | (42,394) | 981,604 | 68,256 |
| Total Governmental Activities | | \$18,762,703 | \$487,173 | (\$548,727) | \$18,701,149 | \$516,424 |

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, 2004, follows:

| Years | Long-Term Notes Payable | | General Obligation Bonds Payable | | Capital Leases | |
|-----------|----------------------------|----------|-------------------------------------|--------------|----------------|----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | \$155,000 | \$18,904 | \$250,000 | \$891,274 | \$43,168 | \$11,743 |
| 2006 | 160,000 | 11,415 | 205,000 | 878,967 | 45,658 | 9,253 |
| 2007 | 160,000 | 3,805 | 520,000 | 862,253 | 48,293 | 6,618 |
| 2008 | 0 | 0 | 545,000 | 837,534 | 51,080 | 3,831 |
| 2009 | 0 | 0 | 570,000 | 811,384 | 40,235 | 949 |
| 2010-2014 | 0 | 0 | 1,972,161 | 4,920,464 | 0 | 0 |
| 2015-2019 | 0 | 0 | 2,991,557 | 3,861,866 | 0 | 0 |
| 2020-2024 | 0 | 0 | 4,940,000 | 2,082,737 | 0 | 0 |
| 2025-2028 | 0 | 0 | 4,875,000 | 565,673 | 0 | 0 |
| Totals | \$475,000 | \$34,124 | \$16,868,718 | \$15,712,152 | \$228,434 | \$32,394 |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 13 - CAPITALIZED LEASES

The District leases several copiers under capital leases. The cost of the equipment obtained under capital leases is \$238,745, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

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, 2004:

| <u>Year Ending June 30,</u> | <u>Capital Leases</u> |
|--|-------------------------|
| 2005 | \$54,911 |
| 2006 | 54,911 |
| 2007 | 54,911 |
| 2008 | 54,911 |
| 2009 | 41,184 |
| Minimum Lease Payments | 260,828 |
| Less: Amount representing interest at the District's incremental borrowing rate of interest | <u>(32,394)</u> |
| Present Value of minimum lease payments | <u><u>\$228,434</u></u> |

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The District participates in the Ohio School Risk Sharing Authority (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a nine member board consisting of superintendents, treasurers and business managers.

The Frank Gates Service Company is responsible for processing claims. Willis Pooling serves as the Plan's administrator, sales representative, and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Suite 900, Dublin, Ohio 43017.

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.

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 14 - RISK MANAGEMENT (Continued)

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.

The District is currently providing group health care insurance by contracting with United Health Care, Inc. for commercial health care coverage. Until December 2001, the District had provided group health, dental and vision benefits to employees and their eligible dependents through a self-insured program. Premiums were paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) were available to pay claims and administrative costs. The plan was administered by a third party administrator, Medical Mutual, Inc., which monitors all claim payments. Excess loss coverage, becomes effective after \$50,000 per year per specific claim. The District no longer maintains the Self Insurance Fund.

The claims liability of \$0 reported in the fund at June 30, 2004 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount in 2003 and 2004 were:

| Fiscal Year | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year End |
|-------------|--|---|--------------------|----------------------------------|
| 2003 | \$0 | \$3,296 | (\$3,296) | \$0 |
| 2004 | 0 | 0 | 0 | 0 |

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004***

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for textbook and capital acquisition into various reserves. For the year ended June 30, 2004, the District did not calculate the set aside amounts for textbook and capital acquisition; however, some amounts were reserved. The reserve for budget stabilization became optional under state law in fiscal year 2001. The District has chosen to continue reserving amounts for budget stabilization. During the fiscal year ended June 30, 2004, 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, 2003 | (\$49,372) | (\$2,817,665) | \$81,260 | (\$2,785,777) |
| Current Year Additions | 226,467 | 226,467 | 202 | 453,136 |
| Current Year Disbursements | (18,553) | (165,579) | (3,920) | (188,052) |
| Set-aside Balance at June 30, 2004 | <u>\$158,542</u> | <u>(\$2,756,777)</u> | <u>\$77,542</u> | <u>(\$2,520,693)</u> |
| Restricted Cash Balance at June 30, 2004 | <u>\$158,542</u> | <u>\$55,694</u> | <u>\$77,542</u> | <u>\$291,778</u> |

NOTE 16 - 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 \$33,330 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Joint Vocational School, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

NOTE 17 – 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, 2004.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 17 – CONTINGENCIES (Continued)

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, 2004.

C. State School Funding

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

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

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

NOTE 18 – SPECIAL ITEMS

In April 2004, the District demolished the school building known as Fulton Middle School. The disposal of the building and related contents resulted in a loss of \$371,782.

HEATH CITY SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS.*

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified 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.

Rotary Fund

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

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, but do not have student management of the programs. Typically this includes athletic programs, band, cheerleaders and other similar types of activities.

Auxiliary Services Fund

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

Career Development Fund

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

Teacher Development Fund

To account for monies which provide locally developed teacher training and professional development and establishment of local professional development committees. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

Management Information System Fund

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

Data Communication Fund

To account for monies received for the maintenance of the Ohio Educational Computer Network connections

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

Interactive Video Distance Learning Grant Fund

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

OhioReads Fund

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

Summer Intervention Fund

To account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Ohio Revised Code.

Title VI-B Fund

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

Vocational Education Fund

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

Title I Fund

To account for federal revenues received to meet the special needs of educationally deprived children.

Title V Fund

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

Drug Free Grant Fund

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

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

Telecommunications Fund

To account for revenues paid to the district for telecommunication services.

Title II Fund

To account for federal monies received which are used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Other Federal Grants Fund

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

Capital Projects Funds

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

Permanent Improvement Fund

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

Building Fund

To account for the acquisition, construction and improvement of capital facilities as authorized by Chapter 5705 of the Ohio Revised Code

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.

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004***

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|---|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 295,122 | \$ 28,282 | \$ 323,404 |
| Receivables: | | | |
| Taxes | 0 | 229,501 | 229,501 |
| Due from Other Funds | 12,000 | 0 | 12,000 |
| Inventory | 14,604 | 0 | 14,604 |
| Total Assets | \$ 321,726 | \$ 257,783 | \$ 579,509 |
| Liabilities: | | | |
| Accounts Payable | \$ 3,162 | \$ 2,087 | \$ 5,249 |
| Accrued Wages and Benefits | 56,623 | 0 | 56,623 |
| Intergovernmental Payable | 4,256 | 0 | 4,256 |
| Deferred Revenue - Taxes | 0 | 219,601 | 219,601 |
| Total Liabilities | 64,041 | 221,688 | 285,729 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 34,935 | 2,159 | 37,094 |
| Reserved for Supplies Inventory | 14,604 | 0 | 14,604 |
| Reserved for Property Taxes | 0 | 9,900 | 9,900 |
| Unreserved, Undesignated in: | | | |
| Special Revenue Funds | 208,146 | 0 | 208,146 |
| Capital Projects Funds | 0 | 24,036 | 24,036 |
| Total Fund Balances | 257,685 | 36,095 | 293,780 |
| Total Liabilities and Fund Balances | \$ 321,726 | \$ 257,783 | \$ 579,509 |

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2004

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|---|
| Revenues: | | | |
| Local Sources | | | |
| Taxes | \$ 0 | \$ 81,295 | \$ 81,295 |
| Food Services | 280,018 | 0 | 280,018 |
| Investment Earnings | 722 | 7,653 | 8,375 |
| Extracurricular Activities | 63,930 | 0 | 63,930 |
| Class Materials and Fees | 82,661 | 0 | 82,661 |
| Intergovernmental - State | 38,417 | 21,296 | 59,713 |
| Intergovernmental - Federal | 623,193 | 0 | 623,193 |
| All Other Revenue | 191,525 | 235 | 191,760 |
| Total Revenue | <u>1,280,466</u> | <u>110,479</u> | <u>1,390,945</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 448,474 | 131,794 | 580,268 |
| Supporting Services: | | | |
| Pupils | 101,070 | 0 | 101,070 |
| Instructional Staff | 108,935 | 0 | 108,935 |
| Administration | 215 | 0 | 215 |
| Fiscal Services | 13,358 | 3,824 | 17,182 |
| Business | 17,888 | 0 | 17,888 |
| Operation & Maintenance of Plant | 0 | 12,947 | 12,947 |
| Pupil Transportation | 10,000 | 0 | 10,000 |
| Central | 38,993 | 0 | 38,993 |
| Operation of Non-Instructional Services: | | | |
| Community Services | 4,139 | 0 | 4,139 |
| Food Service Operations | 435,646 | 0 | 435,646 |
| Extracurricular Activities | 121,596 | 0 | 121,596 |
| Capital Outlay | 18,380 | 25,635 | 44,015 |
| Total Expenditures | <u>1,318,694</u> | <u>174,200</u> | <u>1,492,894</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (38,228) | (63,721) | (101,949) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 0 | 37,500 | 37,500 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>37,500</u> | <u>37,500</u> |
| Net Change in Fund Balance | (38,228) | (26,221) | (64,449) |
| Fund Balances at Beginning of Year | 291,857 | 62,316 | 354,173 |
| Increase in Inventory Reserve | 4,056 | 0 | 4,056 |
| Fund Balances End of Year | <u>\$ 257,685</u> | <u>\$ 36,095</u> | <u>\$ 293,780</u> |

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004***

| | Food Service | Uniform School Supply | Rotary | Public School Support |
|--|------------------|--------------------------|-----------------|--------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 50,127 | \$ 50,146 | \$ 8,937 | \$ 60,748 |
| Due from Other Funds | 12,000 | 0 | 0 | 0 |
| Inventory | 14,604 | 0 | 0 | 0 |
| Total Assets | \$ 76,731 | \$ 50,146 | \$ 8,937 | \$ 60,748 |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 63 | \$ 60 | \$ 133 |
| Accrued Wages and Benefits | 18,950 | 0 | 0 | 0 |
| Intergovernmental Payable | 3,982 | 0 | 0 | 0 |
| Total Liabilities | 22,932 | 63 | 60 | 133 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 374 | 979 | 0 | 3,113 |
| Reserved for Supplies Inventory | 14,604 | 0 | 0 | 0 |
| Unreserved, Undesignated in: | | | | |
| Special Revenue Funds (Deficit) | 38,821 | 49,104 | 8,877 | 57,502 |
| Total Fund Balances (Deficit) | 53,799 | 50,083 | 8,877 | 60,615 |
| Total Liabilities and Fund Balances | \$ 76,731 | \$ 50,146 | \$ 8,937 | \$ 60,748 |

HEATH CITY SCHOOL DISTRICT

| Other Grants | District Managed Student Activity | Auxiliary Services | Career Development | Management Information System | Data Communication | SchoolNet Professional Development |
|-----------------|--|-----------------------|-----------------------|-------------------------------------|-----------------------|--|
| \$ 5,937 | \$ 12,416 | \$ 2,725 | \$ 581 | \$ 18,314 | \$ 5,513 | \$ 878 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 5,937</u> | <u>\$ 12,416</u> | <u>\$ 2,725</u> | <u>\$ 581</u> | <u>\$ 18,314</u> | <u>\$ 5,513</u> | <u>\$ 878</u> |
| \$ 0 | \$ 1,894 | \$ 884 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>1,894</u> | <u>884</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 790 | 8,749 | 1,724 | 180 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>5,147</u> | <u>1,773</u> | <u>117</u> | <u>401</u> | <u>18,314</u> | <u>5,513</u> | <u>878</u> |
| <u>5,937</u> | <u>10,522</u> | <u>1,841</u> | <u>581</u> | <u>18,314</u> | <u>5,513</u> | <u>878</u> |
| <u>\$ 5,937</u> | <u>\$ 12,416</u> | <u>\$ 2,725</u> | <u>\$ 581</u> | <u>\$ 18,314</u> | <u>\$ 5,513</u> | <u>\$ 878</u> |

(Continued)

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004***

| | Interactive Video Distance Learning Grant | Summer Intervention | Title VI-B | Vocational Education |
|---|---|------------------------|------------------|-------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,200 | \$ 5,713 | \$ 22,088 | \$ 884 |
| Due from Other Funds | 0 | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 | 0 |
| Total Assets | \$ 1,200 | \$ 5,713 | \$ 22,088 | \$ 884 |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Accrued Wages and Benefits | 0 | 330 | 13,029 | 0 |
| Intergovernmental Payable | 0 | 0 | 189 | 0 |
| Total Liabilities | 0 | 330 | 13,218 | 0 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 1,099 | 0 | 0 | 0 |
| Reserved for Supplies Inventory | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated in: | | | | |
| Special Revenue Funds (Deficit) | 101 | 5,383 | 8,870 | 884 |
| Total Fund Balances (Deficit) | 1,200 | 5,383 | 8,870 | 884 |
| Total Liabilities and Funds Balances | \$ 1,200 | \$ 5,713 | \$ 22,088 | \$ 884 |

HEATH CITY SCHOOL DISTRICT

| Title I | Title V | Drug Free Grant | Telecom- munications | Title II | Other Federal Grants | Total Nonmajor Special Revenue Funds |
|------------------|-----------------|--------------------|-------------------------|-----------------|-------------------------|---|
| \$ 22,917 | \$ 1,702 | \$ 12,323 | \$ 5,158 | \$ 2,318 | \$ 4,497 | \$ 295,122 |
| 0 | 0 | 0 | 0 | 0 | 0 | 12,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 14,604 |
| <u>\$ 22,917</u> | <u>\$ 1,702</u> | <u>\$ 12,323</u> | <u>\$ 5,158</u> | <u>\$ 2,318</u> | <u>\$ 4,497</u> | <u>\$ 321,726</u> |
| \$ 0 | \$ 68 | \$ 0 | \$ 0 | \$ 60 | \$ 0 | \$ 3,162 |
| 24,314 | 0 | 0 | 0 | 0 | 0 | 56,623 |
| 85 | 0 | 0 | 0 | 0 | 0 | 4,256 |
| <u>24,399</u> | <u>68</u> | <u>0</u> | <u>0</u> | <u>60</u> | <u>0</u> | <u>64,041</u> |
| 202 | 1,634 | 13,783 | 50 | 2,258 | 0 | 34,935 |
| 0 | 0 | 0 | 0 | 0 | 0 | 14,604 |
| (1,684) | 0 | (1,460) | 5,108 | 0 | 4,497 | 208,146 |
| <u>(1,482)</u> | <u>1,634</u> | <u>12,323</u> | <u>5,158</u> | <u>2,258</u> | <u>4,497</u> | <u>257,685</u> |
| <u>\$ 22,917</u> | <u>\$ 1,702</u> | <u>\$ 12,323</u> | <u>\$ 5,158</u> | <u>\$ 2,318</u> | <u>\$ 4,497</u> | <u>\$ 321,726</u> |

HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004**

| | Food Service | Uniform School Supply | Rotary | Public School Support | Other Grants |
|---|--------------|--------------------------|----------|--------------------------|--------------|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Food Services | \$ 280,018 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Investment Earnings | 600 | 0 | 47 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Class Materials and Fees | 0 | 82,661 | 0 | 0 | 0 |
| Intergovernmental - State | 3,977 | 0 | 0 | 0 | 0 |
| Intergovernmental - Federal | 146,374 | 0 | 0 | 0 | 0 |
| All Other Revenue | 8,853 | 200 | 7,163 | 90,943 | 2,800 |
| Total Revenue | 439,822 | 82,861 | 7,210 | 90,943 | 2,800 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 0 | 79,869 | 6,301 | 0 | 470 |
| Supporting Services: | | | | | |
| Pupils | 0 | 0 | 934 | 75,715 | 6,000 |
| Instructional Staff | 0 | 0 | 0 | 2,842 | 0 |
| Administration | 0 | 0 | 0 | 0 | 0 |
| Fiscal Services | 0 | 0 | 933 | 0 | 0 |
| Business | 0 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 0 | 0 | 0 |
| Central | 0 | 0 | 0 | 20,108 | 0 |
| Operation of Non-Instructional Services | | | | | |
| Community Services | 0 | 0 | 0 | 0 | 0 |
| Food Service Operations | 435,646 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 18,380 | 0 |
| Total Expenditures | 435,646 | 79,869 | 8,168 | 117,045 | 6,470 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | 4,176 | 2,992 | (958) | (26,102) | (3,670) |
| Fund Balances at Beginning of Year | | | | | |
| | 45,567 | 47,091 | 9,835 | 86,717 | 9,607 |
| Increase in Inventory Reserve | 4,056 | 0 | 0 | 0 | 0 |
| Fund Balances End of Year | \$ 53,799 | \$ 50,083 | \$ 8,877 | \$ 60,615 | \$ 5,937 |

HEATH CITY SCHOOL DISTRICT

| District Managed Student Activity | Auxiliary Services | Career Development | Teacher Development | Management Information System | Data Communication | SchoolNet Professional Development |
|--|-----------------------|-----------------------|------------------------|-------------------------------------|-----------------------|--|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 75 | 0 | 0 | 0 | 0 | 0 | 0 |
| 63,930 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 5,776 | 0 | 0 | 6,026 | 12,000 | 2,925 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 60,351 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>124,356</u> | <u>5,776</u> | <u>0</u> | <u>0</u> | <u>6,026</u> | <u>12,000</u> | <u>2,925</u> |
| 0 | 0 | 0 | 58 | 0 | 0 | 4,335 |
| 0 | 0 | 481 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 215 | 0 | 0 | 0 |
| 0 | 249 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 17,888 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 12,000 | 595 |
| 0 | 4,139 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 121,596 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>121,596</u> | <u>4,388</u> | <u>481</u> | <u>273</u> | <u>17,888</u> | <u>12,000</u> | <u>4,930</u> |
| 2,760 | 1,388 | (481) | (273) | (11,862) | 0 | (2,005) |
| 7,762 | 453 | 1,062 | 273 | 30,176 | 5,513 | 2,883 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 10,522</u> | <u>\$ 1,841</u> | <u>\$ 581</u> | <u>\$ 0</u> | <u>\$ 18,314</u> | <u>\$ 5,513</u> | <u>\$ 878</u> |

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2004

| | Interactive Video Distance Learning Grant | OhioReads | Summer Intervention | Title VI-B | Vocational Education |
|---|---|-----------|------------------------|------------|-------------------------|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Food Services | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Investment Earnings | 0 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Class Materials and Fees | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental - State | 0 | 2,000 | 5,713 | 0 | 0 |
| Intergovernmental - Federal | 0 | 0 | 0 | 182,020 | 0 |
| All Other Revenue | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 0 | 2,000 | 5,713 | 182,020 | 0 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 4,000 | 0 | 2,258 | 106,591 | 167 |
| Supporting Services: | | | | | |
| Pupils | 0 | 0 | 0 | 0 | 0 |
| Instructional Staff | 0 | 2,000 | 0 | 76,027 | 0 |
| Administration | 0 | 0 | 0 | 0 | 0 |
| Fiscal Services | 0 | 0 | 0 | 0 | 0 |
| Business | 0 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 0 | 10,000 | 0 |
| Central | 0 | 0 | 0 | 0 | 0 |
| Operation of Non-Instructional Services | | | | | |
| Community Services | 0 | 0 | 0 | 0 | 0 |
| Food Service Operations | 0 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 4,000 | 2,000 | 2,258 | 192,618 | 167 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | (4,000) | 0 | 3,455 | (10,598) | (167) |
| Fund Balances at Beginning of Year | | | | | |
| | 5,200 | 0 | 1,928 | 19,468 | 1,051 |
| Increase in Inventory Reserve | 0 | 0 | 0 | 0 | 0 |
| Fund Balances End of Year | \$ 1,200 | \$ 0 | \$ 5,383 | \$ 8,870 | \$ 884 |

HEATH CITY SCHOOL DISTRICT

| Title I | Title V | Drug Free Grant | Telecom- munications | Title II | Other Federal Grants | Total Nonmajor Special Revenue Funds |
|-------------------|-----------------|--------------------|-------------------------|-----------------|-------------------------|---|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 280,018 |
| 0 | 0 | 0 | 0 | 0 | 0 | 722 |
| 0 | 0 | 0 | 0 | 0 | 0 | 63,930 |
| 0 | 0 | 0 | 0 | 0 | 0 | 82,661 |
| 0 | 0 | 0 | 0 | 0 | 0 | 38,417 |
| 236,021 | 9,029 | 21,382 | 0 | 23,440 | 4,927 | 623,193 |
| 0 | 0 | 0 | 21,215 | 0 | 0 | 191,525 |
| <u>236,021</u> | <u>9,029</u> | <u>21,382</u> | <u>21,215</u> | <u>23,440</u> | <u>4,927</u> | <u>1,280,466</u> |
| 232,728 | 8,564 | 3,133 | 0 | 0 | 0 | 448,474 |
| 0 | 0 | 17,940 | 0 | 0 | 0 | 101,070 |
| 1,957 | 0 | 0 | 0 | 21,182 | 4,927 | 108,935 |
| 0 | 0 | 0 | 0 | 0 | 0 | 215 |
| 0 | 0 | 0 | 12,176 | 0 | 0 | 13,358 |
| 0 | 0 | 0 | 0 | 0 | 0 | 17,888 |
| 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| 0 | 0 | 0 | 6,290 | 0 | 0 | 38,993 |
| 0 | 0 | 0 | 0 | 0 | 0 | 4,139 |
| 0 | 0 | 0 | 0 | 0 | 0 | 435,646 |
| 0 | 0 | 0 | 0 | 0 | 0 | 121,596 |
| 0 | 0 | 0 | 0 | 0 | 0 | 18,380 |
| <u>234,685</u> | <u>8,564</u> | <u>21,073</u> | <u>18,466</u> | <u>21,182</u> | <u>4,927</u> | <u>1,318,694</u> |
| 1,336 | 465 | 309 | 2,749 | 2,258 | 0 | (38,228) |
| (2,818) | 1,169 | 12,014 | 2,409 | 0 | 4,497 | 291,857 |
| 0 | 0 | 0 | 0 | 0 | 0 | 4,056 |
| <u>\$ (1,482)</u> | <u>\$ 1,634</u> | <u>\$ 12,323</u> | <u>\$ 5,158</u> | <u>\$ 2,258</u> | <u>\$ 4,497</u> | <u>\$ 257,685</u> |

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

| | Permanent Improvement | Building | Vocational Education Equipment | Total Nonmajor Capital Projects Funds |
|--|--------------------------|-----------------|--------------------------------------|---|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 20,259 | \$ 7,425 | \$ 598 | \$ 28,282 |
| Receivables: | | | | |
| Taxes | 229,501 | 0 | 0 | 229,501 |
| Total Assets | \$ 249,760 | \$ 7,425 | \$ 598 | \$ 257,783 |
| Liabilities: | | | | |
| Accounts Payable | \$ 2,087 | \$ 0 | \$ 0 | \$ 2,087 |
| Deferred Revenue - Taxes | 219,601 | 0 | 0 | 219,601 |
| Total Liabilities | 221,688 | 0 | 0 | 221,688 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 2,159 | 0 | 0 | 2,159 |
| Reserved for Property Taxes | 9,900 | 0 | 0 | 9,900 |
| Unreserved, Undesignated in: | | | | |
| Capital Projects Funds | 16,013 | 7,425 | 598 | 24,036 |
| Total Fund Balances | 28,072 | 7,425 | 598 | 36,095 |
| Total Liabilities and Fund Balances | \$ 249,760 | \$ 7,425 | \$ 598 | \$ 257,783 |

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Projects Funds For the Fiscal Year Ended June 30, 2004

| | Permanent Improvement | Building | Vocational Education Equipment | Total Nonmajor Capital Projects Funds |
|---|--------------------------|-----------------|--------------------------------------|---|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 81,295 | \$ 0 | \$ 0 | \$ 81,295 |
| Investment Earnings | 2,296 | 5,357 | 0 | 7,653 |
| Intergovernmental - State | 21,296 | 0 | 0 | 21,296 |
| All Other Revenue | 235 | 0 | 0 | 235 |
| Total Revenue | <u>105,122</u> | <u>5,357</u> | <u>0</u> | <u>110,479</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 131,794 | 0 | 0 | 131,794 |
| Fiscal Services | 3,824 | 0 | 0 | 3,824 |
| Operation & Maintenance of Plant | 3,150 | 9,797 | 0 | 12,947 |
| Capital Outlay | 0 | 25,635 | 0 | 25,635 |
| Total Expenditures | <u>138,768</u> | <u>35,432</u> | <u>0</u> | <u>174,200</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (33,646) | (30,075) | 0 | (63,721) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 37,500 | 0 | 37,500 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>37,500</u> | <u>0</u> | <u>37,500</u> |
| Net Change in Fund Balance | (33,646) | 7,425 | 0 | (26,221) |
| Fund Balances at Beginning of Year | <u>61,718</u> | <u>0</u> | <u>598</u> | <u>62,316</u> |
| Fund Balances End of Year | <u>\$ 28,072</u> | <u>\$ 7,425</u> | <u>\$ 598</u> | <u>\$ 36,095</u> |

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund
For the Fiscal Year Ended June 30, 2004**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| BOND RETIREMENT FUND | | | | |
| Revenues: | | | | |
| Taxes | \$ 1,232,475 | \$ 1,232,475 | \$ 1,255,556 | \$ 23,081 |
| Intergovernmental - State | 414,551 | 414,551 | 109,545 | (305,006) |
| Total Revenues | 1,647,026 | 1,647,026 | 1,365,101 | (281,925) |
| Expenditures: | | | | |
| Support Services: | | | | |
| Fiscal Services: | 20,000 | 20,000 | 18,639 | 1,361 |
| Debt Service: | | | | |
| Principal Retirement | 395,000 | 395,000 | 395,000 | 0 |
| Interest and Fiscal Charges | 929,203 | 929,204 | 929,204 | 0 |
| Total Debt Service | 1,324,203 | 1,324,204 | 1,324,204 | 0 |
| Total Expenditures | 1,344,203 | 1,344,204 | 1,342,843 | 1,361 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 302,823 | 302,822 | 22,258 | (280,564) |
| Other Financing Sources (Uses): | | | | |
| Advances Out | (37,500) | (37,500) | (37,500) | 0 |
| Total Other Financing Sources (Uses) | (37,500) | (37,500) | (37,500) | 0 |
| Net Change in Fund Balance | 265,323 | 265,322 | (15,242) | (280,564) |
| Fund Balance at Beginning of Year | 22,679 | 22,679 | 22,679 | 0 |
| Fund Balance at End of Year | \$ 288,002 | \$ 288,001 | \$ 7,437 | \$ (280,564) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| FOOD SERVICE FUND | | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Food Services | \$ 237,300 | \$ 237,300 | \$ 280,018 | \$ 42,718 |
| Intergovernmental - State | 16,000 | 16,000 | 3,977 | (12,023) |
| Intergovernmental - Federal | 68,000 | 68,000 | 101,148 | 33,148 |
| All Other Revenues | 9,500 | 9,500 | 8,853 | (647) |
| Total Revenues | 330,800 | 330,800 | 393,996 | 63,196 |
| Expenditures: | | | | |
| Non-Instructional Services: | | | | |
| Food Service Operations | 374,390 | 391,112 | 389,328 | 1,784 |
| Total Expenditures | 374,390 | 391,112 | 389,328 | 1,784 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (43,590) | (60,312) | 4,668 | 64,980 |
| Fund Balance at Beginning of Year | | | | |
| | 45,085 | 45,085 | 45,085 | 0 |
| Fund Balance at End of Year | \$ 1,495 | \$ (15,227) | \$ 49,753 | \$ 64,980 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

UNIFORM SCHOOL SUPPLY FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|-----------|---|
| Revenues: | | | | |
| Class Material and Fees | \$ 78,675 | \$ 78,675 | \$ 82,661 | \$ 3,986 |
| All Other Revenues | 0 | 0 | 200 | 200 |
| Total Revenues | 78,675 | 78,675 | 82,861 | 4,186 |
| Expenditures: | | | | |
| Instructional Services | 105,743 | 117,350 | 80,992 | 36,358 |
| Total Expenditures | 105,743 | 117,350 | 80,992 | 36,358 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (27,068) | (38,675) | 1,869 | 40,544 |
| Fund Balance at Beginning of Year | 47,108 | 47,108 | 47,108 | 0 |
| Prior Year Encumbrances | 127 | 127 | 127 | 0 |
| Fund Balance at End of Year | \$ 20,167 | \$ 8,560 | \$ 49,104 | \$ 40,544 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| ROTARY FUND | | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Investment Earnings | \$ 100 | \$ 100 | \$ 47 | \$ (53) |
| All Other Revenues | 3,800 | 3,800 | 7,163 | 3,363 |
| Total Revenues | 3,900 | 3,900 | 7,210 | 3,310 |
| Expenditures: | | | | |
| Instructional Services | 11,500 | 14,816 | 6,301 | 8,515 |
| Support Services: | | | | |
| Pupils | 560 | 994 | 934 | 60 |
| Fiscal Services | 40 | 880 | 873 | 7 |
| Total Expenditures | 12,100 | 16,690 | 8,108 | 8,582 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (8,200) | (12,790) | (898) | 11,892 |
| Fund Balance at Beginning of Year | 9,835 | 9,835 | 9,835 | 0 |
| Fund Balance at End of Year | \$ 1,635 | \$ (2,955) | \$ 8,937 | \$ 11,892 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| PUBLIC SCHOOL SUPPORT FUND | | | | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|-----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| All Other Revenues | \$ 111,100 | \$ 111,100 | \$ 90,943 | \$ (20,157) |
| Total Revenues | 111,100 | 111,100 | 90,943 | (20,157) |
| Expenditures: | | | | |
| Support Services: | | | | |
| Pupils | 90,695 | 110,651 | 78,627 | 32,024 |
| Instructional Staff | 3,267 | 4,663 | 3,165 | 1,498 |
| Central | 42,162 | 28,974 | 20,153 | 8,821 |
| Capital Outlay | 0 | 18,380 | 18,380 | 0 |
| Total Expenditures | 136,124 | 162,668 | 120,325 | 42,343 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (25,024) | (51,568) | (29,382) | 22,186 |
| Fund Balance at Beginning of Year | 84,544 | 84,544 | 84,544 | 0 |
| Prior Year Encumbrances | 2,340 | 2,340 | 2,340 | 0 |
| Fund Balance at End of Year | \$ 61,860 | \$ 35,316 | \$ 57,502 | \$ 22,186 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| OTHER GRANTS FUND | | | | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| All Other Revenues | \$ 23,000 | \$ 23,000 | \$ 2,800 | \$ (20,200) |
| Total Revenues | 23,000 | 23,000 | 2,800 | (20,200) |
| Expenditures: | | | | |
| Instructional Services | 2,436 | 2,436 | 1,260 | 1,176 |
| Support Services: | | | | |
| Pupils | 7,394 | 7,394 | 6,000 | 1,394 |
| Total Expenditures | 9,830 | 9,830 | 7,260 | 2,570 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 13,170 | 13,170 | (4,460) | (17,630) |
| Fund Balance at Beginning of Year | 3,297 | 3,297 | 3,297 | 0 |
| Prior Year Encumbrances | 6,310 | 6,310 | 6,310 | 0 |
| Fund Balance at End of Year | \$ 22,777 | \$ 22,777 | \$ 5,147 | \$ (17,630) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

DISTRICT MANAGED STUDENT ACTIVITY FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|----------|---|
| Revenues: | | | | |
| Investment Earnings | \$ 0 | \$ 0 | \$ 75 | \$ 75 |
| Extracurricular Activities | 51,042 | 51,042 | 63,930 | 12,888 |
| All Other Revenues | 45,600 | 45,600 | 60,351 | 14,751 |
| Total Revenues | 96,642 | 96,642 | 124,356 | 27,714 |
| Expenditures: | | | | |
| Extracurricular Activities | 70,031 | 132,113 | 135,752 | (3,639) |
| Total Expenditures | 70,031 | 132,113 | 135,752 | (3,639) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 26,611 | (35,471) | (11,396) | 24,075 |
| Fund Balance at Beginning of Year | 5,612 | 5,612 | 5,612 | 0 |
| Prior Year Encumbrances | 7,591 | 7,591 | 7,591 | 0 |
| Fund Balance at End of Year | \$ 39,814 | \$ (22,268) | \$ 1,807 | \$ 24,075 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|---------------|---|
| AUXILIARY SERVICES FUND | | | | |
| Revenues: | | | | |
| Intergovernmental - State | \$ 1,350 | \$ 1,350 | \$ 5,776 | \$ 4,426 |
| Total Revenues | <u>1,350</u> | <u>1,350</u> | <u>5,776</u> | <u>4,426</u> |
| Expenditures: | | | | |
| Support Services: | | | | |
| Fiscal Services | 0 | 249 | 249 | 0 |
| Community Services | 2,967 | 5,980 | 5,684 | 296 |
| Total Expenditures | <u>2,967</u> | <u>6,229</u> | <u>5,933</u> | <u>296</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,617) | (4,879) | (157) | 4,722 |
| Fund Balance at Beginning of Year | 291 | 291 | 291 | 0 |
| Prior Year Encumbrances | 162 | 162 | 162 | 0 |
| Fund Balance at End of Year | <u>\$ (1,164)</u> | <u>\$ (4,426)</u> | <u>\$ 296</u> | <u>\$ 4,722</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

CAREER DEVELOPMENT FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------------|---------------------|---------------|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 700 | \$ 700 | \$ 0 | \$ (700) |
| Total Revenues | <u>700</u> | <u>700</u> | <u>0</u> | <u>(700)</u> |
| Expenditures: | | | | |
| Support Services: | | | | |
| Pupils | 40 | 1,062 | 661 | 401 |
| Total Expenditures | <u>40</u> | <u>1,062</u> | <u>661</u> | <u>401</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 660 | (362) | (661) | (299) |
| Fund Balance at Beginning of Year | 1,022 | 1,022 | 1,022 | 0 |
| Prior Year Encumbrances | 40 | 40 | 40 | 0 |
| Fund Balance at End of Year | <u>\$ 1,722</u> | <u>\$ 700</u> | <u>\$ 401</u> | <u>\$ (299)</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

TEACHER DEVELOPMENT FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|--------|---|
| Revenues: | | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | | |
| Instructional Services | 0 | 0 | 58 | (58) |
| Support Services: | | | | |
| Administration | 95 | 214 | 215 | (1) |
| Total Expenditures | 95 | 214 | 273 | (59) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (95) | (214) | (273) | (59) |
| Fund Balance at Beginning of Year | 178 | 178 | 178 | 0 |
| Prior Year Encumbrances | 95 | 95 | 95 | 0 |
| Fund Balance at End of Year | \$ 178 | \$ 59 | \$ 0 | \$ (59) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

MANAGEMENT INFORMATION SYSTEM FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|-----------|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 6,000 | \$ 6,000 | \$ 6,026 | \$ 26 |
| Total Revenues | 6,000 | 6,000 | 6,026 | 26 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Business | 18,000 | 18,000 | 17,888 | 112 |
| Total Expenditures | 18,000 | 18,000 | 17,888 | 112 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (12,000) | (12,000) | (11,862) | 138 |
| Fund Balance at Beginning of Year | 30,176 | 30,176 | 30,176 | 0 |
| Fund Balance at End of Year | \$ 18,176 | \$ 18,176 | \$ 18,314 | \$ 138 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

DATA COMMUNICATION FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|-----------|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 0 | \$ 0 | \$ 12,000 | \$ 12,000 |
| Total Revenues | 0 | 0 | 12,000 | 12,000 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Central | 12,000 | 12,000 | 12,000 | 0 |
| Total Expenditures | 12,000 | 12,000 | 12,000 | 0 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (12,000) | (12,000) | 0 | 12,000 |
| Fund Balance at Beginning of Year | 5,513 | 5,513 | 5,513 | 0 |
| Fund Balance at End of Year | \$ (6,487) | \$ (6,487) | \$ 5,513 | \$ 12,000 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|----------|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 3,250 | \$ 3,250 | \$ 2,925 | \$ (325) |
| Total Revenues | 3,250 | 3,250 | 2,925 | (325) |
| Expenditures: | | | | |
| Instructional Services | 3,093 | 5,213 | 4,335 | 878 |
| Support Services: | | | | |
| Central | 595 | 595 | 595 | 0 |
| Total Expenditures | 3,688 | 5,808 | 4,930 | 878 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (438) | (2,558) | (2,005) | 553 |
| Fund Balance at Beginning of Year | 2,883 | 2,883 | 2,883 | 0 |
| Fund Balance at End of Year | \$ 2,445 | \$ 325 | \$ 878 | \$ 553 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

INTERACTIVE VIDEO DISTANCE LEARNING GRANT FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|---------|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 5,000 | \$ 5,000 | \$ 0 | \$ (5,000) |
| Total Revenues | 5,000 | 5,000 | 0 | (5,000) |
| Expenditures: | | | | |
| Instructional Services | 0 | 5,200 | 5,099 | 101 |
| Total Expenditures | 0 | 5,200 | 5,099 | 101 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 5,000 | (200) | (5,099) | (4,899) |
| Fund Balance at Beginning of Year | 5,200 | 5,200 | 5,200 | 0 |
| Fund Balance at End of Year | \$ 10,200 | \$ 5,000 | \$ 101 | \$ (4,899) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| OHIOREADS FUND | | | | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Intergovernmental - State | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 0 |
| Total Revenues | 2,000 | 2,000 | 2,000 | 0 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Instructional Staff | 2,000 | 2,000 | 2,000 | 0 |
| Total Expenditures | 2,000 | 2,000 | 2,000 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance at End of Year | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

SUMMER INTERVENTION FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|----------|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 0 | \$ 0 | \$ 5,713 | \$ 5,713 |
| Total Revenues | 0 | 0 | 5,713 | 5,713 |
| Expenditures: | | | | |
| Instructional Services | 1,928 | 1,928 | 1,928 | 0 |
| Total Expenditures | 1,928 | 1,928 | 1,928 | 0 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (1,928) | (1,928) | 3,785 | 5,713 |
| Fund Balance at Beginning of Year | 1,928 | 1,928 | 1,928 | 0 |
| Fund Balance at End of Year | \$ 0 | \$ 0 | \$ 5,713 | \$ 5,713 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| TITLE VI-B FUND | | | | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 129,918 | \$ 129,918 | \$ 182,020 | \$ 52,102 |
| Total Revenues | 129,918 | 129,918 | 182,020 | 52,102 |
| Expenditures: | | | | |
| Instructional Services | 111,980 | 111,980 | 101,756 | 10,224 |
| Support Services: | | | | |
| Instructional Staff | 87,761 | 87,761 | 75,896 | 11,865 |
| Pupil Transportation | 10,000 | 10,000 | 10,000 | 0 |
| Total Expenditures | 209,741 | 209,741 | 187,652 | 22,089 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (79,823) | (79,823) | (5,632) | 74,191 |
| Fund Balance at Beginning of Year | 27,720 | 27,720 | 27,720 | 0 |
| Fund Balance at End of Year | \$ (52,103) | \$ (52,103) | \$ 22,088 | \$ 74,191 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

VOCATIONAL EDUCATION FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|--------|---|
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 850 | \$ 850 | \$ 0 | \$ (850) |
| Total Revenues | 850 | 850 | 0 | (850) |
| Expenditures: | | | | |
| Instructional Services | 1,000 | 1,000 | 167 | 833 |
| Total Expenditures | 1,000 | 1,000 | 167 | 833 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (150) | (150) | (167) | (17) |
| Fund Balance at Beginning of Year | 1,051 | 1,051 | 1,051 | 0 |
| Fund Balance at End of Year | \$ 901 | \$ 901 | \$ 884 | \$ (17) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| | TITLE I FUND | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|----------------------------|----------------------------|-------------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 84,823 | \$ 84,823 | \$ 236,021 | \$ 151,198 |
| Total Revenues | <u>84,823</u> | <u>84,823</u> | <u>236,021</u> | <u>151,198</u> |
| Expenditures: | | | | |
| Instructional Services | 240,603 | 238,594 | 217,397 | 21,197 |
| Support Services: | | | | |
| Instructional Staff | <u>3,619</u> | <u>3,619</u> | <u>2,101</u> | <u>1,518</u> |
| Total Expenditures | <u>244,222</u> | <u>242,213</u> | <u>219,498</u> | <u>22,715</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (159,399) | (157,390) | 16,523 | 173,913 |
| Fund Balance at Beginning of Year | <u>6,192</u> | <u>6,192</u> | <u>6,192</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ (153,207)</u></u> | <u><u>\$ (151,198)</u></u> | <u><u>\$ 22,715</u></u> | <u><u>\$ 173,913</u></u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| | TITLE V FUND | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 8,827 | \$ 8,827 | \$ 9,029 | \$ 202 |
| Total Revenues | 8,827 | 8,827 | 9,029 | 202 |
| Expenditures: | | | | |
| Instructional Services | 10,209 | 10,198 | 10,198 | 0 |
| Total Expenditures | 10,209 | 10,198 | 10,198 | 0 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (1,382) | (1,371) | (1,169) | 202 |
| Fund Balance at Beginning of Year | 1,169 | 1,169 | 1,169 | 0 |
| Fund Balance at End of Year | \$ (213) | \$ (202) | \$ 0 | \$ 202 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|-----------|---|
| DRUG FREE GRANT FUND | | | | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 25,842 | \$ 25,842 | \$ 21,382 | \$ (4,460) |
| Total Revenues | 25,842 | 25,842 | 21,382 | (4,460) |
| Expenditures: | | | | |
| Instructional Services | 3,396 | 3,396 | 3,396 | 0 |
| Support Services: | | | | |
| Pupils | 12,000 | 12,000 | 12,000 | 0 |
| Instructional Staff | 18,000 | 18,000 | 18,000 | 0 |
| Total Expenditures | 33,396 | 33,396 | 33,396 | 0 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (7,554) | (7,554) | (12,014) | (4,460) |
| Fund Balance at Beginning of Year | 10,554 | 10,554 | 10,554 | 0 |
| Prior Year Encumbrances | 1,460 | 1,460 | 1,460 | 0 |
| Fund Balance at End of Year | \$ 4,460 | \$ 4,460 | \$ 0 | \$ (4,460) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

TELECOMMUNICATIONS FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|--------------|-----------|---|
| Revenues: | | | | |
| All Other Revenues | \$ 16,000 | \$ 16,000 | \$ 21,215 | \$ 5,215 |
| Total Revenues | 16,000 | 16,000 | 21,215 | 5,215 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Fiscal Services | 12,176 | 12,176 | 12,176 | 0 |
| Central | 11,448 | 11,448 | 6,340 | 5,108 |
| Total Expenditures | 23,624 | 23,624 | 18,516 | 5,108 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (7,624) | (7,624) | 2,699 | 10,323 |
| Fund Balance at Beginning of Year | 2,409 | 2,409 | 2,409 | 0 |
| Fund Balance at End of Year | \$ (5,215) | \$ (5,215) | \$ 5,108 | \$ 10,323 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| | TITLE II FUND | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------------|--------------------------|--------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 17,500 | \$ 17,500 | \$ 23,440 | \$ 5,940 |
| Total Revenues | <u>17,500</u> | <u>17,500</u> | <u>23,440</u> | <u>5,940</u> |
| Expenditures: | | | | |
| Support Services: | | | | |
| Instructional Staff | 23,440 | 23,440 | 23,440 | 0 |
| Total Expenditures | <u>23,440</u> | <u>23,440</u> | <u>23,440</u> | <u>0</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (5,940) | (5,940) | 0 | 5,940 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ (5,940)</u></u> | <u><u>\$ (5,940)</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 5,940</u></u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

| | OTHER FEDERAL GRANTS FUND | | | Variance with Final Budget Positive (Negative) |
|--|---------------------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 4,927 | \$ 4,927 | \$ 4,927 | \$ 0 |
| Total Revenues | 4,927 | 4,927 | 4,927 | 0 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Instructional Staff | 4,927 | 4,927 | 4,927 | 0 |
| Total Expenditures | 4,927 | 4,927 | 4,927 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 4,497 | 4,497 | 4,497 | 0 |
| Fund Balance at End of Year | \$ 4,497 | \$ 4,497 | \$ 4,497 | \$ 0 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004***

PERMANENT IMPROVEMENT FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|------------------|---|
| Revenues: | | | | |
| Taxes | \$ 207,997 | \$ 207,997 | \$ 94,195 | \$ (113,802) |
| Investment Earnings | 3,000 | 3,000 | 2,296 | (704) |
| Intergovernmental - State | 20,000 | 20,000 | 21,296 | 1,296 |
| All Other Revenues | 175 | 175 | 235 | 60 |
| Total Revenues | <u>231,172</u> | <u>231,172</u> | <u>118,022</u> | <u>(113,150)</u> |
| Expenditures: | | | | |
| Instructional Services | 80,348 | 141,636 | 136,073 | 5,563 |
| Support Services: | | | | |
| Fiscal Services | 3,800 | 3,825 | 3,824 | 1 |
| Operational and Maintenance of Plant Services | <u>0</u> | <u>3,150</u> | <u>3,150</u> | <u>0</u> |
| Total Expenditures | <u>84,148</u> | <u>148,611</u> | <u>143,047</u> | <u>5,564</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 147,024 | 82,561 | (25,025) | (107,586) |
| Fund Balance at Beginning of Year | 26,489 | 26,489 | 26,489 | 0 |
| Prior Year Encumbrances | <u>14,648</u> | <u>14,648</u> | <u>14,648</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 188,161</u> | <u>\$ 123,698</u> | <u>\$ 16,112</u> | <u>\$ (107,586)</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004***

| BUILDING FUND | | | | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Investment Earnings | \$ 169,250 | \$ 169,250 | \$ 5,357 | \$ (163,893) |
| Total Revenues | 169,250 | 169,250 | 5,357 | (163,893) |
| Expenditures: | | | | |
| Supporting Services: | | | | |
| Operation and Maintenance of Plant Services | 9,000 | 9,797 | 9,797 | 0 |
| Capital Outlay | 24,692 | 25,635 | 25,635 | 0 |
| Total Expenditures | 33,692 | 35,432 | 35,432 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 135,558 | 133,818 | (30,075) | (163,893) |
| Other Financing Sources (Uses): | | | | |
| Advances In | 37,500 | 37,500 | 37,500 | 0 |
| Total Other Financing Sources (Uses): | 37,500 | 37,500 | 37,500 | 0 |
| Net Change in Fund Balance | 173,058 | 171,318 | 7,425 | (163,893) |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance at End of Year | \$ 173,058 | \$ 171,318 | \$ 7,425 | \$ (163,893) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004***

VOCATIONAL EDUCATION EQUIPMENT FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|------------------------|---------------------|---------------|---|
| Revenues: | | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | | |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 598 | 598 | 598 | 0 |
| Fund Balance at End of Year | <u>\$ 598</u> | <u>\$ 598</u> | <u>\$ 598</u> | <u>\$ 0</u> |

HEATH CITY SCHOOL DISTRICT

Fiduciary Fund

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.

Agency Fund

Student Managed Activity Fund

To account for resources that belong to the student bodies of the various schools for sales and other revenue generating activities.

HEATH CITY SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2004***

| | Balance June 30, 2003 | Additions | Deductions | Balance June 30, 2004 |
|---|-----------------------------|------------------|--------------------|-----------------------------|
| <u>Student Managed Activity Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$34,486 | \$114,929 | (\$111,424) | \$37,991 |
| Total Assets | <u>\$34,486</u> | <u>\$114,929</u> | <u>(\$111,424)</u> | <u>\$37,991</u> |
| Liabilities: | | | | |
| Due to Students | \$34,486 | \$114,929 | (\$111,424) | \$37,991 |
| Total Liabilities | <u>\$34,486</u> | <u>\$114,929</u> | <u>(\$111,424)</u> | <u>\$37,991</u> |

HEATH CITY SCHOOL DISTRICT

***CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS***

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2004***

Capital Assets

| | |
|----------------------------|----------------------------|
| Land | \$461,372 |
| Land Improvements | 961,180 |
| Buildings and Improvements | 20,865,587 |
| Machinery and Equipment | 3,388,205 |
| Vehicles | <u>657,465</u> |
| Total Capital Assets | <u><u>\$26,333,809</u></u> |

Investment in Capital Assets from:

| | |
|------------------------------------|----------------------------|
| General Fund | \$5,799,259 |
| Special Revenue Fund | 724,979 |
| Capital Project Funds | <u>19,809,571</u> |
| Total Investment in Capital Assets | <u><u>\$26,333,809</u></u> |

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2004***

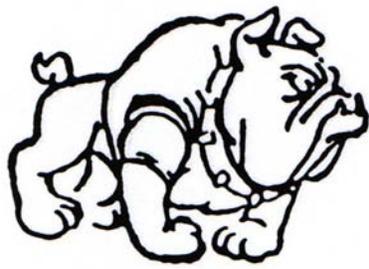
| Function and Activity | Land | Land Improvements | Buildings and Improvements | Machinery and Equipment | Vehicles | Total |
|---|------------------|----------------------|----------------------------------|-------------------------------|------------------|---------------------|
| Instruction | \$0 | \$344,079 | \$20,331,812 | \$2,289,618 | \$0 | \$22,965,509 |
| Support Services: | | | | | | |
| Pupils | 0 | 0 | 0 | 121,409 | 0 | 121,409 |
| Instructional Staff | 0 | 0 | 0 | 183,774 | 0 | 183,774 |
| Administration | 0 | 1,892 | 100,000 | 198,872 | 0 | 300,764 |
| Fiscal Services | 0 | 0 | 0 | 8,934 | 0 | 8,934 |
| Business | 0 | 0 | 0 | 18,980 | 0 | 18,980 |
| Operation and Maintenance of Plant | 0 | 56,152 | 0 | 75,140 | 46,692 | 177,984 |
| Pupil Transportation | 0 | 1,305 | 417,675 | 37,081 | 610,773 | 1,066,834 |
| Central | 0 | 0 | 0 | 16,648 | 0 | 16,648 |
| Operations of Non-Instructional Services: | | | | | | |
| Community Service | 0 | 0 | 0 | 4,368 | 0 | 4,368 |
| Food Service Operations | 0 | 0 | 0 | 311,468 | 0 | 311,468 |
| Extracurricular Activities | 0 | 557,752 | 16,100 | 121,913 | 0 | 695,765 |
| Facility Acquisition and Improvement | 461,372 | 0 | 0 | 0 | 0 | 461,372 |
| Total Capital Assets | <u>\$461,372</u> | <u>\$961,180</u> | <u>\$20,865,587</u> | <u>\$3,388,205</u> | <u>\$657,465</u> | <u>\$26,333,809</u> |

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2004***

| Function and Activity | Restated June 30, 2003 | Additions | Deletions | June 30, 2004 |
|---|------------------------------|------------------|----------------------|---------------------|
| Instruction | \$23,665,923 | \$324,940 | (\$1,025,354) | \$22,965,509 |
| Support Services: | | | | |
| Pupils | 107,001 | 14,922 | (514) | 121,409 |
| Instructional Staff | 190,293 | 0 | (6,519) | 183,774 |
| Administration | 291,265 | 26,040 | (16,541) | 300,764 |
| Fiscal Services | 1,222 | 7,712 | 0 | 8,934 |
| Business | 10,002 | 8,978 | 0 | 18,980 |
| Operation and Maintenance of Plant | 182,764 | 6,291 | (11,071) | 177,984 |
| Pupil Transportation | 1,092,700 | 0 | (25,866) | 1,066,834 |
| Central | 16,648 | 0 | 0 | 16,648 |
| Operations of Non-Instructional Services: | | | | |
| Community Service | 3,468 | 900 | 0 | 4,368 |
| Food Service Operations | 407,374 | | (95,906) | 311,468 |
| Extracurricular Activities | 683,733 | 12,032 | 0 | 695,765 |
| Facility Acquisition and Improvement | 461,372 | 0 | 0 | 461,372 |
| Total Capital Assets | <u>\$27,113,765</u> | <u>\$401,815</u> | <u>(\$1,181,771)</u> | <u>\$26,333,809</u> |

STATISTICAL SECTION



STATISTICAL TABLES

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

HEATH CITY SCHOOL DISTRICT

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 |
|--------|---------------------------|-----------|------------------------|--|--------------------|----------|--|-------------|
| 1995 a | \$3,532,030 | \$404,583 | \$215,835 | \$723,959 | \$304,633 | \$61,902 | \$568,235 | \$5,811,177 |
| 1996 a | 3,754,054 | 440,015 | 228,908 | 714,478 | 259,513 | 74,530 | 577,162 | 6,048,660 |
| 1997 b | 3,904,658 | 472,098 | 266,260 | 749,229 | 302,810 | 51,650 | 604,111 | 6,350,816 |
| 1998 b | 3,893,379 | 427,074 | 287,335 | 786,174 | 314,891 | 110,929 | 706,486 | 6,526,268 |
| 1999 b | 4,543,627 | 478,355 | 286,163 | 817,381 | 312,569 | 16,003 | 801,530 | 7,255,628 |
| 2000 b | 5,007,976 | 503,357 | 356,954 | 915,944 | 382,453 | 32,435 | 810,501 | 8,009,620 |
| 2001 b | 5,802,932 | 540,511 | 401,606 | 961,925 | 333,600 | 28,461 | 859,407 | 8,928,442 |
| 2002 b | 5,952,355 | 570,355 | 421,002 | 977,438 | 382,730 | 17,890 | 1,008,194 | 9,329,964 |
| 2003 b | 6,164,762 | 606,857 | 320,171 | 1,019,189 | 402,059 | 29,763 | 1,111,487 | 9,654,288 |
| 2004 b | 6,746,028 | 645,741 | 410,181 | 1,091,297 | 456,192 | 31,456 | 1,351,689 | 10,732,584 |

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

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

(Continued)

HEATH CITY SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

| Year | Pupil Transportation | Central | Operation of Non-Instructional Services | Extracurricular Activities | Other | Debt Services | Subtotal Page 2 | Total |
|--------|-------------------------|----------|---|-------------------------------|-------------|------------------|--------------------|-------------|
| 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 |
| 2000 b | 276,831 | 112,203 | 50,762 | 242,938 | 143,408 (2) | 220,218 | 1,046,360 | 9,055,980 |
| 2001 b | 448,592 | 133,836 | 14,972 | 305,602 | 102,249 (2) | 997,629 | 2,002,880 | 10,931,322 |
| 2002 b | 314,004 | 162,022 | 1,326 | 291,521 | 67,104 (2) | 1,264,492 | 2,100,469 | 11,430,433 |
| 2003 b | 430,318 | 190,127 | 7,109 | 369,323 | 39,287 (2) | 1,271,098 | 2,307,262 | 11,961,550 |
| 2004 b | 350,581 | 218,065 | 442,687 (3) | 355,806 | 125,971 (2) | 1,324,204 | 2,817,314 | 13,549,898 |

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
- (3) Includes Community Services and Food Service Operations

HEATH CITY SCHOOL DISTRICT

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN YEARS

| Year | | Taxes | Tuition and Fees | Food Services (2) | Investment Earnings | Extracurricular Activities | Intergovernmental Revenues | All Other | Total |
|-------------|---|--------------|-----------------------------|------------------------------|--------------------------------|---------------------------------------|---------------------------------------|------------------|--------------|
| 1995 | a | \$4,750,902 | \$3,867 | \$0 | \$57,237 | \$67,852 | \$94,244 | \$1,479,097 | \$6,453,199 |
| 1996 | a | 4,877,788 | 12,333 | 0 | 12,083 | 63,531 | 100,185 | 1,422,011 | 6,487,931 |
| 1997 | b | 4,865,663 | 27,614 | 0 | 248 | 72,583 | 1,868,239 | 101,732 | 6,936,079 |
| 1998 | b | 5,397,330 | 16,155 | 0 | 91,570 | 82,074 | 2,096,273 | 124,984 | 7,808,386 |
| 1999 | b | 6,099,304 | 42,592 | 0 | 73,446 | 58,642 | 2,349,206 | 200,216 | 8,823,406 |
| 2000 | b | 5,654,331 | 61,129 | 0 | 76,691 | 54,117 | 2,511,861 | 149,965 | 8,508,094 |
| 2001 | b | 6,736,729 | 109,700 | 0 | 102,015 | 60,091 | 2,916,421 | 180,243 | 10,105,199 |
| 2002 | b | 7,217,229 | 113,533 | 0 | 30,011 | 58,882 | 3,874,413 | 164,118 | 11,458,186 |
| 2003 | b | 7,659,918 | 111,934 | 0 | 15,183 | 62,599 | 4,330,570 | 318,127 | 12,498,331 |
| 2004 | b | 7,932,912 | 190,950 | 280,018 | 15,657 | 63,930 | 5,142,776 | 334,515 | 13,960,758 |

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

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

(2) Food Services was reclassified from an Enterprise Fund to a Special Revenue Fund in 2004

HEATH CITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN CALENDAR YEARS

| Collection Year | Total Tax Levy | Current Tax Collections | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections To Tax Levy | Accumulated Outstanding Delinquent Taxes | Percentage of Accumulated Delinquent Taxes to Total Tax Levy |
|------------------------|-----------------------|--------------------------------|-----------------------------------|------------------------------|---|---|---|
| 1994 | \$5,009,442 | \$4,824,689 | \$409,858 | \$5,234,547 | 104.49% | \$628,797 | 12.55% |
| 1995 | 5,089,474 | 5,014,918 | 181,967 | 5,196,885 | 102.11% | 346,057 | 6.80% |
| 1996 | 5,135,951 | 4,919,942 | 135,847 | 5,055,789 | 98.44% | 321,456 | 6.26% |
| 1997 | 5,362,353 | 5,649,147 | 86,162 | 5,735,309 | 106.96% | 186,266 | 3.47% |
| 1998 | 5,855,193 | 5,436,190 | 198,193 | 5,634,383 | 96.23% | 228,252 | 3.90% |
| 1999 | 6,467,714 | 5,303,187 | 104,776 | 5,407,963 | 83.61% | 1,059,752 | 16.39% |
| 2000 | 6,782,280 | 6,384,904 | 100,674 | 6,485,578 | 95.63% | 296,702 | 4.37% |
| 2001 | 8,214,783 | 7,687,500 | 154,855 | 7,842,355 | 95.47% | 372,428 | 4.53% |
| 2002 | 8,111,945 | 7,264,837 | 175,228 | 7,440,065 | 91.72% | 671,881 | 8.28% |
| 2003 | 9,449,244 | 8,546,846 | 128,238 | 8,675,084 | 91.81% | 774,160 | 8.19% |

Source: Licking County Auditor

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

HEATH CITY SCHOOL DISTRICT

*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 | |
| 1994 | \$108,987,570 | \$311,393,057 | \$8,314,550 | \$8,314,550 | \$46,991,410 | \$187,965,640 | \$164,293,530 | \$507,673,247 | 32.36% |
| 1995 | 112,909,910 | 322,599,743 | 8,049,430 | 8,049,430 | 46,029,380 | 184,117,520 | 166,988,720 | 514,766,693 | 32.44% |
| 1996 ** | 126,591,240 | 361,689,257 | 7,860,160 | 7,860,160 | 47,552,130 | 190,208,520 | 182,003,530 | 559,757,937 | 32.51% |
| 1997 | 132,339,250 | 378,112,143 | 7,594,650 | 7,594,650 | 47,019,450 | 188,077,800 | 186,953,350 | 573,784,593 | 32.58% |
| 1998 | 145,418,700 | 415,482,000 | 8,135,630 | 8,135,630 | 42,289,650 | 169,158,600 | 195,843,980 | 592,776,230 | 33.04% |
| 1999 * | 169,063,570 | 483,038,771 | 7,546,730 | 7,546,730 | 44,507,210 | 178,028,840 | 221,117,510 | 668,614,341 | 33.07% |
| 2000 | 172,295,770 | 492,273,629 | 7,851,500 | 7,851,500 | 44,052,160 | 176,208,640 | 224,199,430 | 676,333,769 | 33.15% |
| 2001 | 178,918,700 | 511,196,286 | 6,389,920 | 6,389,920 | 45,300,500 | 181,202,000 | 230,609,120 | 698,788,206 | 33.00% |
| 2002 ** | 195,425,090 | 558,357,400 | 6,531,640 | 6,531,640 | 38,931,420 | 155,725,680 | 240,888,150 | 720,614,720 | 33.43% |
| 2003 | 198,958,880 | 568,453,943 | 6,357,200 | 6,357,200 | 36,850,610 | 147,402,440 | 242,166,690 | 722,213,583 | 33.53% |

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.

HEATH CITY SCHOOL DISTRICT

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN CALENDAR YEARS**

| Tax Year | Heath City School District | | | | City of Heath | Joint Vocational School | Licking County | Total |
|---------------------|-----------------------------------|-------------------------------------|---|--------------|--------------------------|--|---------------------------|--------------|
| | General Fund | Bond Retirement Fund | Permanent Improvement Fund | Total | | | | |
| 1994 | 38.90 | 0.00 | 0.00 | 38.90 | 3.90 | 2.00 | 7.20 | 52.00 |
| 1995 | 38.90 | 0.00 | 1.20 | 40.10 | 3.90 | 2.00 | 6.70 | 52.70 |
| 1996 | 38.90 | 0.00 | 1.20 | 40.10 | 3.90 | 2.00 | 7.20 | 53.20 |
| 1997 | 41.90 | 0.00 | 1.20 | 43.10 | 5.40 | 2.00 | 7.20 | 57.70 |
| 1998 | 41.90 | 0.00 | 1.20 | 43.10 | 5.40 | 2.00 | 7.20 | 57.70 |
| 1999 | 41.90 | 0.00 | 1.20 | 43.10 | 5.40 | 2.00 | 7.20 | 57.70 |
| 2000 | 41.90 | 5.28 | 1.20 | 48.38 | 5.40 | 2.00 | 7.20 | 62.98 |
| 2001 | 41.90 | 5.12 | 1.20 | 48.22 | 5.40 | 2.00 | 7.20 | 62.82 |
| 2002 | 44.50 | 4.82 | 1.20 | 50.52 | 5.40 | 3.00 | 7.20 | 66.12 |
| 2003 | 44.50 | 4.40 | 1.20 | 50.10 | 5.40 | 2.80 | 7.20 | 65.50 |

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.

HEATH CITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2004

| | |
|---|---------------------------|
| Net Assessed Valuation | \$242,166,690 |
| Legal Debt Limitation (%) (1) | 9.00% |
| Legal Debt Limitation (\$) (1) | 21,795,002 |
| Applicable District Debt Outstanding | 17,316,111 |
| Less: Applicable Debt Service Fund Amounts | <u>(7,437)</u> |
| Net Indebtedness Subject to Limitation | <u>17,308,674</u> |
| Overall Legal Debt Margin | <u><u>\$4,486,328</u></u> |
| | |
| Legal Debt Limitation (%) (1) | 0.10% |
| Legal Debt Limitation (\$) (1) | 242,167 |
| Applicable District Debt Outstanding | <u>0</u> |
| Unvoted Legal Debt Margin | <u><u>\$242,167</u></u> |
| | |
| Legal Debt Limitation (%) (1) | 0.90% |
| Legal Debt Limitation (\$) (1) | 2,179,500 |
| Applicable District Debt Outstanding | <u>(175,000)</u> |
| Unvoted Energy Conservation Notes Legal Debt Margin | <u><u>\$2,004,500</u></u> |

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

HEATH CITY SCHOOL DISTRICT

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

| Year | Population (1) | Assessed Value (2) | Gross Bonded Debt (3) | Debt Service Funds Available | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Valuation | Net Bonded Debt Per Capita |
|-------------|-----------------------|-------------------------------|--------------------------------------|---|----------------------------|---|---|
| 2000 | 8,527 | \$221,117,510 | \$1,168,350 | \$91,824 | \$1,076,526 | 0.49% | \$126.25 |
| 2001 | 8,527 | 224,199,430 | 17,423,336 | 47,890 | 17,375,446 | 7.75% | 2,037.70 |
| 2002 | 8,527 | 230,609,120 | 17,338,411 | 69,993 | 17,268,418 | 7.49% | 2,025.15 |
| 2003 | 8,527 | 240,888,150 | 17,204,818 | 34,979 | 17,169,839 | 7.13% | 2,013.58 |
| 2004 | 8,527 | 242,166,690 | 17,316,111 | 7,437 | 17,308,674 | 7.15% | 2,029.87 |

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

(1) City of Heath 2000 Census.

(2) Source: Licking County Auditor

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

HEATH CITY SCHOOL DISTRICT

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST FIVE YEARS**

| <u>Year</u> | <u>Debt Principal</u> | <u>Debt Interest</u> | <u>Total Debt Service</u> | <u>Total General Governmental Expenditures</u> | <u>Ratio of Tax Debt Service to General Governmental Expenditures</u> |
|-------------|---------------------------|--------------------------|-------------------------------|--|---|
| 2000 | \$0 | \$0 | \$0 | \$9,055,980 | 0.00% |
| 2001 | 15,000 | 751,440 | 766,440 | 10,931,322 | 7.01% |
| 2002 | 118,350 | 918,735 | 1,037,085 | 11,430,433 | 9.07% |
| 2003 | 175,000 | 912,695 | 1,087,695 | 11,961,550 | 9.09% |
| 2004 | 240,000 | 902,945 | 1,142,945 | 13,549,898 | 8.44% |

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

HEATH CITY SCHOOL DISTRICT

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
JUNE 30, 2004**

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to Heath City School District | Amount Applicable to Heath City School District |
|---------------------------------|---------------------------------|--|--|
| Direct | | | |
| Heath City School District | \$17,308,674 | 100.00% | \$17,308,674 |
| Overlapping Subdivisions | | | |
| City of Heath | 7,950,000 | 95.20% | 7,568,400 |
| Licking County | 14,921,459 | 7.70% | 1,148,952 |
| | | Subtotal | 8,717,352 |
| | | Total | \$26,026,026 |

Source: Licking County Auditor and Fiscal Officers of Subdivision.

HEATH CITY SCHOOL DISTRICT

DEMOGRAPHIC STATISTICS LAST TEN YEARS

| <u>Year</u> | | <u>Heath City Population (1)</u> | <u>Licking County Population (2)</u> | <u>School Enrollment (3)</u> | <u>Unemployment Rate Licking County (4)</u> |
|-------------|---|--------------------------------------|--|----------------------------------|---|
| 1995 | a | 7,650 | 140,020 | 1,321 | 4.8% |
| 1996 | a | 8,000 | 142,678 | 1,369 | 5.1% |
| 1997 | a | 8,100 | 145,384 | 1,434 | 3.9% |
| 1998 | a | 8,100 | 148,140 | 1,471 | 3.8% |
| 1999 | a | 8,100 | 150,951 | 1,535 | 3.8% |
| 2000 | b | 8,527 | 154,520 | 1,537 | 3.6% |
| 2001 | b | 8,527 | 157,610 | 1,566 | 3.2% |
| 2002 | b | 8,527 | 145,491 | 1,619 | 3.6% |
| 2003 | b | 8,527 | 145,491 | 1,681 | 4.5% |
| 2004 | b | 8,527 | 148,731 | 1,641 | 6.0% |

Source: (1) U.S. Bureau of Census of Population - (a) Estimated 1995 through 1999 (b) City of Heath 2000 Census
 (2) Newark Chamber of Commerce
 (3) Heath City School District, Board of Education
 (4) State Department of Labor

HEATH CITY SCHOOL DISTRICT

PROPERTY VALUE AND CONSTRUCTION PERMITS LAST TEN CALENDAR YEARS

| Year | Residential | | Commercial | |
|-------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | Number of Permits | Property Value | Number of Permits | Property Value |
| 1994 | 56 | \$6,245,628 | 5 | \$6,587,000 |
| 1995 | 53 | 6,655,138 | 6 | 779,286 |
| 1996 | 45 | 7,037,765 | 10 | 5,310,100 |
| 1997 | 28 | 4,646,240 | 7 | 3,645,000 |
| 1998 | 43 | 5,738,269 | 15 | 8,315,306 |
| 1999 | 56 | 8,326,708 | 10 | 8,827,000 |
| 2000 | 49 | 7,063,709 | 13 | 15,440,000 |
| 2001 | 34 | 5,118,088 | 9 | 2,436,000 |
| 2002 | 35 | 5,414,235 | 16 | 12,726,221 |
| 2003 | 131 | 9,321,805 | 11 | 6,247,450 |

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.

HEATH CITY SCHOOL DISTRICT

**PRINCIPAL TAXPAYERS (TANGIBLE PERSONAL PROPERTY TAX)
DECEMBER 31, 2003**

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Assessed Valuation (Tax Duplicate)</u> | <u>Percentage of Total Assessed Valuation</u> |
|--|------------------------------|---|---|
| 1 Meritor Automotive, Inc. | Heavy Truck Axles | \$10,526,930 | 28.57% |
| 2 Kaiser Aluminum and Chemical Corporation | Aluminum Products | 4,296,790 | 11.66% |
| 3 Lowe's | Home Improvement Center | 1,743,010 | 4.73% |
| 4 Best Buy Store | Retail Store | 1,684,670 | 4.57% |
| 5 Mathews Ford, Inc. | Automotive Sales and Service | 1,210,900 | 3.29% |
| 6 Wal*Mart Stores, Inc. | Retail Store | 1,151,990 | 3.13% |
| 7 Newark Chrysler Plymouth | Automobile Retail | 1,114,240 | 3.02% |
| 8 Marathon Ashland Petroleum | Petroleum Products | 1,051,600 | 2.85% |
| 9 Koch Materials Company | Manufacturing | 933,410 | 2.53% |
| 10 Sears Roebuck & Company | Retail Store | 731,560 | 1.99% |
| | Sub-Total | 24,445,100 | 66.34% |
| | All Others | 12,405,510 | 33.66% |
| | Total | <u>\$36,850,610</u> | <u>100.00%</u> |

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2003

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

HEATH CITY SCHOOL DISTRICT

**PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2003**

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Assessed Valuation (Tax Duplicate)</u> | <u>Percentage of Total Assessed Valuation</u> |
|--|-----------------------------|---|---|
| 1 Glimcher Properties Limited Partnership | Shopping Mall | \$16,687,060 | 8.13% |
| 2 Southgate Association Limited Partnership | Shopping Center | 5,388,020 | 2.62% |
| 3 Cross Creek Limited Partnership | Shopping Center | 3,651,590 | 1.78% |
| 4 Lowe's | Retail | 3,407,820 | 1.66% |
| 5 Ohio Power Co. | Utility Company - Electric | 3,349,170 | 1.63% |
| 6 Heathwood Village Ltd Partnership | Apartments | 2,729,550 | 1.33% |
| 7 Heath-Newark-Licking County Port Authority | Real Estate - Leasing | 2,729,550 | 1.33% |
| 8 Kaiser Aluminum and Chemical Corporation | Aluminum Processing | 2,628,010 | 1.28% |
| 9 Alltel Ohio, Inc. | Utility Company - Telephone | 2,244,510 | 1.09% |
| 10 Wal*Mart Stores, Inc. | Retail Store | 1,715,490 | 0.84% |
| | Sub-Total | 44,530,770 | 21.69% |
| | All Others | 160,785,310 | 78.31% |
| | Total | \$205,316,080 | 100.00% |

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2003

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

HEATH CITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS DECEMBER 31, 2003

| | Employer | Type of Business | Number of Employees | | |
|----|--|--------------------|---------------------|-----------|-------|
| | | | Full Time | Part Time | Total |
| 1 | Central Ohio Aerospace and Technology Center | Manufacturing | 940 | 0 | 940 |
| 2 | Arvin/Meritor/Rockwell | Manufacturing | 606 | 0 | 606 |
| 3 | Kaiser Aluminum and Chemical Corporation | Manufacturing | 253 | 0 | 253 |
| 4 | Wal*Mart Stores | Retail Sales | 178 | 63 | 241 |
| 5 | Heath Nursing Home | Health Care | 185 | 34 | 219 |
| 6 | Kroger | Retail Grocery | 123 | 72 | 195 |
| 7 | Lowe's Home Center | Retail Sales | 114 | 79 | 193 |
| 8 | Englefield Oil | Petroleum Products | 145 | 32 | 177 |
| 9 | Heath City Schools | Education | 166 | 0 | 166 |
| 10 | Sears | Retail Sales | 51 | 105 | 156 |

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.

HEATH CITY SCHOOL DISTRICT

MISCELLANEOUS STATISTICS

JUNE 30, 2004

| | |
|--|--------------------------------|
| Date of Incorporation | 1922 |
| Form of Government | School - Political Subdivision |
| Area (square miles) | 11.29 |
| Miles traveled by Transportation Fleet for the 2003-2004 School Year | 134,586 |
| Meals Served by Food Service Department for the 2003-2004 School Year | 121,752 |

| <u>School Buildings</u> | <u>Grade Levels</u> | <u>Enrollment</u> |
|-----------------------------|---------------------|-------------------|
| Heath High School | 9 - 12 | 477 |
| Heath Middle School | 6 - 8 | 410 |
| Stevenson Elementary School | 3 - 5 | 377 |
| Garfield Elementary School | K - 2 | 377 |

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

STAFF STATISTICS

JUNE 30, 2004

| | |
|--------------------------------------|-------------|
| Average classroom teacher salary | \$46,261 |
| Average classroom teacher experience | 14.16 years |
| Districtwide student/teacher ratio | 15.8:1 |

Certified Staff

| | |
|--------------------------------|----|
| Classroom Teachers | 91 |
| Instructional Support | 13 |
| Administrators and Supervisors | 8 |

Support Staff

| | |
|----------------|----|
| Administration | 1 |
| Operations | 1 |
| Maintenance | 10 |
| Transportation | 12 |
| Clerical | 9 |
| Aides | 8 |
| Food Service | 18 |

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

TEACHERS EDUCATION AND EXPERIENCE STATISTICS

JUNE 30, 2004

| <u>Degree</u> | <u>Number of Teachers</u> | <u>Percentage of Total</u> |
|-------------------|-------------------------------|--------------------------------|
| Bachelor's Degree | 13 | 12.5% |
| Bachelor + 15 | 26 | 25.0% |
| Master's Degree | 48 | 46.2% |
| Master's + 15 | 10 | 9.6% |
| Master's + 30 | 7 | 6.7% |
| Total | 104 | 100.0% |

| <u>Years of Experience</u> | <u>Number of Teachers</u> | <u>Percentage of Total</u> |
|----------------------------|-------------------------------|--------------------------------|
| 0 - 5 | 28 | 26.9% |
| 6 - 10 | 18 | 17.3% |
| 11 - 15 | 14 | 13.5% |
| 16 - 20 | 12 | 11.5% |
| 21 - 25 | 8 | 7.7% |
| 26 and over | 24 | 23.1% |
| Total | 104 | 100.0% |

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

COST PER PUPIL STATISTICS LAST TEN YEARS

| <u>Fiscal Year</u> | <u>General Governmental Expenditures</u> | <u>Enrollment</u> | <u>Cost per Pupil</u> |
|--------------------|--|-------------------|---------------------------|
| 1995 | \$6,218,205 | 1,321 | \$4,707 |
| 1996 | 6,580,187 | 1,369 | 4,807 |
| 1997 | 6,872,420 | 1,434 | 4,792 |
| 1998 | 7,213,737 | 1,471 | 4,904 |
| 1999 | 8,391,842 | 1,535 | 5,467 |
| 2000 | 9,055,980 | 1,537 | 5,892 |
| 2001 | 10,931,322 | 1,566 | 6,980 |
| 2002 | 11,430,433 | 1,619 | 7,060 |
| 2003 | 11,961,550 | 1,681 | 7,116 |
| 2004 | 13,549,898 | 1,641 | 8,257 |

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

TRANSPORTATION STATISTICS

JUNE 30, 2004

| | |
|--|---------|
| Number of assigned school buses in fleet | 16 |
| Average age of school buses in fleet | 12.8 |
| Number of bus drivers | 14 |
| Number of miles driven per day | 847 |
| Number of miles driven annually | 148,332 |
| Average miles per bus | 9,270 |

Students Transported per Day

| | |
|---|-----------|
| Public School | 1,197 |
| Non-public School | 22 |
| Handicapped | 23 |
| Preschool | <u>12</u> |
| Total | 1,254 |
| Percent of student enrollment transported | 76.0% |

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

ENROLLMENT STATISTICS LAST TEN YEARS

| <u>Fiscal Year</u> | <u>K</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> | <u>8</u> | <u>9</u> | <u>10</u> | <u>11</u> | <u>12</u> | <u>JVS</u> | <u>Total</u> |
|------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|------------|--------------|
| 1994 | 94 | 96 | 94 | 96 | 105 | 101 | 97 | 112 | 100 | 89 | 89 | 86 | 84 | 48 | 1,291 |
| 1995 | 92 | 99 | 96 | 100 | 99 | 119 | 102 | 103 | 115 | 90 | 85 | 88 | 86 | 47 | 1,321 |
| 1996 | 86 | 106 | 97 | 101 | 116 | 102 | 128 | 110 | 103 | 121 | 87 | 89 | 78 | 45 | 1,369 |
| 1997 | 97 | 100 | 103 | 111 | 109 | 129 | 111 | 124 | 102 | 109 | 112 | 95 | 86 | 46 | 1,434 |
| 1998 | 97 | 113 | 102 | 111 | 127 | 114 | 129 | 119 | 134 | 118 | 113 | 84 | 69 | 41 | 1,471 |
| 1999 | 98 | 107 | 128 | 101 | 114 | 131 | 127 | 134 | 126 | 140 | 115 | 94 | 80 | 40 | 1,535 |
| 2000 | 110 | 121 | 108 | 143 | 107 | 111 | 137 | 128 | 127 | 127 | 121 | 80 | 78 | 39 | 1,537 |
| 2001 | 109 | 124 | 132 | 100 | 155 | 112 | 115 | 143 | 122 | 121 | 125 | 85 | 72 | 51 | 1,566 |
| 2002 | 114 | 117 | 121 | 130 | 106 | 154 | 128 | 128 | 148 | 126 | 123 | 85 | 82 | 57 | 1,619 |
| 2003 | 111 | 130 | 122 | 115 | 134 | 116 | 158 | 145 | 135 | 158 | 120 | 89 | 90 | 58 | 1,681 |
| 2004 | 113 | 134 | 130 | 120 | 117 | 140 | 120 | 154 | 136 | 128 | 134 | 77 | 85 | 53 | 1,641 |



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2005**