



**Auditor of State
Betty Montgomery**

HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY

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HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Fund Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
<i>Passed Through Ohio Department of Education:</i>							
Nutrition Cluster:							
Food Distribution Program	N/A	006	10.550	\$ -	\$ 99,620	\$ -	\$ 99,620
National School Lunch Program	047019-LLP4-2003 047019-LLP4-2004	006	10.555	81,956 342,193 424,149	- - -	81,956 342,193 424,149	- - -
Total U.S. Department of Agriculture - Nutrition Cluster				424,149	99,620	424,149	99,620
<u>U.S. DEPARTMENT OF EDUCATION</u>							
<i>Passed Through Ohio Department of Education:</i>							
Title I Grants to Local Educational Agencies (ESEA Title I)	047019-C1S1-2003 047019-C1S1-2004	572	84.010	27,504 298,959 326,463	- - -	33,447 303,540 336,987	- - -
Special Education Cluster:							
Special Education Grants to States - Title VI-B	047019-6BSF-2003-P	516	84.027	163,512	-	175,416	-
Special Education Grants to States - Part B-Idea	047019-6BSF-2004			1,270,439	-	1,244,320	-
Special Education - Preschool Grant	047019-PGS1-2002-P 047019-PGS1-2003-P 047019-PGS1-2004	587	84.173	- 5,630 24,012	- - -	73,116 5,697 23,585	- - -
Total Special Education Cluster				1,463,593	-	1,522,134	-
Safe and Drug-Free Schools and Communities Grant	047019-DRS1-2003 047019-DRS1-2004	584	84.186	12,953 42,907 55,860	- - -	466 26,743 27,209	- - -
State Grants For Innovative Programs	047019-C2S1-2003 047019-C2S1-2004	573	84.298	7,809 80,829 88,638	- - -	9,557 69,783 79,340	- - -
Education Technology State Grants	047019-TJS1-2003 047019-TJS1-2004	599-0300	84.318	3,553 4,965 8,518	- - -	- 168 168	- - -
Advanced Placement Program	047019-AVS1-2003	599-1001	84.330	600	-	600	-
Assistive Technology Grants	047019-ATS2-2002 047019-ATS3-2002	599-0005 599-0006	84.352A	(2,300) (525) (2,825)	- - -	2,097 - 2,097	- - -
English Language Acquisition Grant	047019-T3S1-2003 047019-T3S1-2004	551-0300	84.365	10,523 63,131 73,654	- - -	13,447 97,294 110,741	- - -
Improving Teacher Quality	047019-TRS1-2003 047019-TRS1-2004	590-0300	84.367	128,747 265,499 394,246	- - -	33,511 268,037 301,548	- - -
Fund For The Improvement Of Education	N/A	599-1000	84.215	75,616	-	83,565	-
Total U. S. Department of Education				2,484,363	-	2,464,389	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
<i>Passed Through Ohio Department of MRDD:</i>							
Medical Assistance Program		001-0000	93.778	182,315	-	182,315	-
Total U.S. Department of Health and Human Services				182,315	-	182,315	-
TOTALS				\$ 3,090,827	\$ 99,620	\$ 3,070,853	\$ 99,620

The accompanying notes to this schedule are an integral part of this schedule.

HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2004

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Auditor of State Betty Montgomery

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

Hilliard City School District
Franklin County
5323 Cemetery Road
Hilliard, Ohio 43026

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hilliard City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In addition, we noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated December 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 17, 2004.

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www.auditor.state.oh.us

Hilliard City School District
Franklin County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 17, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Hilliard City School District
Franklin County
5323 Cemetery Road
Hilliard, Ohio 43026

To the Board of Education:

Compliance

We have audited the compliance of Hilliard City School District, Franklin County, Ohio, 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 each of 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 each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to the District's management in a separate letter dated December 17, 2004.

Schedule of Federal Awards Receipts and Expenditures

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hilliard City School District, Franklin County, Ohio, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 17, 2004

**HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grants to States – CFDA # 84.027 and Special Education Preschool Grant – CFDA # 84.173 Medical Assistance Program -Medicaid: Title XIX – CFDA # 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004
(Continued)**

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

Finding Number	2004-001
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Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

The following variances were noted throughout the year:

Fund	Fund Number	Month Ended	Appropriations	Expenditures	Variance
Principals	018	October	\$ 14,393	\$ 32,185	\$ (17,792)
Athletics	300	October	23,696	110,359	(86,663)
		October	0	129,992	(129,992)
		February	0	275,955	(275,955)
Auxiliary	401	Year-End	0	415,064	(415,064)
		October	0	250	(250)
		February	0	667	(667)
EMIS	432	Year-End	0	833	(833)
Entry Year	440	Year-End	0	29,700	(29,700)
		October	0	8,692	(8,692)
		February	0	8,692	(8,692)
School Net	452	Year-End	0	8,693	(8,693)
		October	29,526	29,606	(80)
		February	29,526	29,606	(80)
Ohio Reads	459	Year-End	29,526	68,136	(38,610)
Student Intervention	460	February	0	161,342	(161,342)
		Year-End	0	215,418	(215,418)
		October	10,215	10,241	(26)
		February	10,215	11,016	(801)
Other State Grants	499	Year-End	10,215	12,452	(2,237)
		October	0	387,667	(387,667)
		February	0	942,274	(942,274)
Part B, IDEA	516	Year-End	0	1,419,736	(1,419,736)
		October	0	26,098	(26,098)
		February	0	60,658	(60,658)
Title III	551	Year-End	0	110,740	(110,740)

**HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004
(Continued)**

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

Finding Number			2004-001 (Continued)		
Fund	Fund Number	Month Ended	Appropriations	Expenditures	Variance
Title I	572	October	0	91,761	(91,761)
		February	0	219,341	(219,341)
		Year-End	0	336,986	(336,986)
Title V	573	October	0	22,836	(22,836)
		February	0	54,937	(54,937)
		Year-End	0	79,340	(79,340)
Drug Free Schools Grant	584	October	451	1,483	(1,032)
		February	451	25,535	(25,084)
		Year-End	451	52,149	(51,698)
Preschool With Disabilities Grant	587	October	0	82,838	(82,838)
		February	0	92,807	(92,807)
		Year-End	0	102,398	(102,398)
Title II-A	590	October	0	83,596	(83,596)
		February	0	216,840	(216,840)
		Year-End	0	405,784	(405,784)
Miscellaneous Federal Grants	599	February	5,122	52,753	(47,631)
		Year-End	5,122	92,208	(87,086)
Bond Retirement	002	October	0	65,939	(65,939)
		Year-End	12,290,000	12,320,789	(30,789)
Building	004	October	6,998,407	9,120,584	(2,122,177)
Food Service	006	October	347	642,279	(641,932)
		Year-End	2,914,347	3,375,526	(461,179)
Latchkey Program	011	October	41,498	495,039	(453,541)
Memorial Trust	007	October	0	1,327	(1,327)
Section 125	022	October	0	24,313	(24,313)
		Year-End	75,000	88,252	(13,252)

In addition, appropriations posted to the accounting system did not always agree to the District's actual annual appropriation measure. We recommend the Treasurer thoroughly review the B.O.E report to ensure appropriation amounts are posted accurately and timely. The Treasurer and Board should also compare actual expenditures plus encumbrances to appropriations to avoid potential overspending.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Comprehensive Annual Financial Report

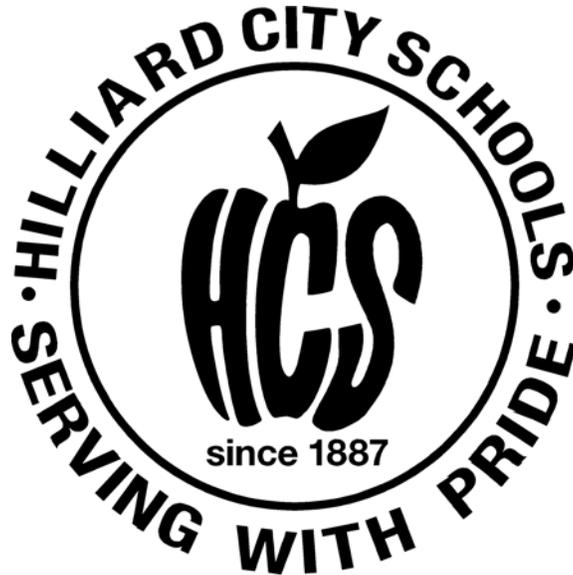
FOR FISCAL YEAR ENDED JUNE 30, 2004

Board of Education | Hilliard City School District | Hilliard, Ohio



Hilliard City School District

Hilliard, Ohio



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2004

Issued by:
Office of the Treasurer

Matt A. Feasel
Treasurer

Hilliard City School District

Hilliard, Ohio



Introductory

SECTION

The Hilliard City School District, established in 1887, served a record number of students in the 2003-04 school year. Continuing the growth trend, 14,220 students were enrolled in October 2003 as reported to the Ohio Department of Education, making it the 10th largest district in the state. Growth experts have projected the district to grow by more than 300 students a year. In the 2002-03 school year, there were 13,854 students, 366 fewer children.



HILLIARD CITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2004

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HILLIARD CITY SCHOOL DISTRICT

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**Hilliard City School District
Elected Officials and Administrative Staff
as of June 30, 2004**

BOARD OF EDUCATION MEMBERS

President
Vice President
Member
Member
Member

Mrs. Denise Bobbitt
Mr. Dick Hammond
Mr. Thomas F. Calhoun II
Mrs. Libby Gierach
Mr. Doug Maggied

APPOINTED OFFICIALS

Superintendent
Treasurer

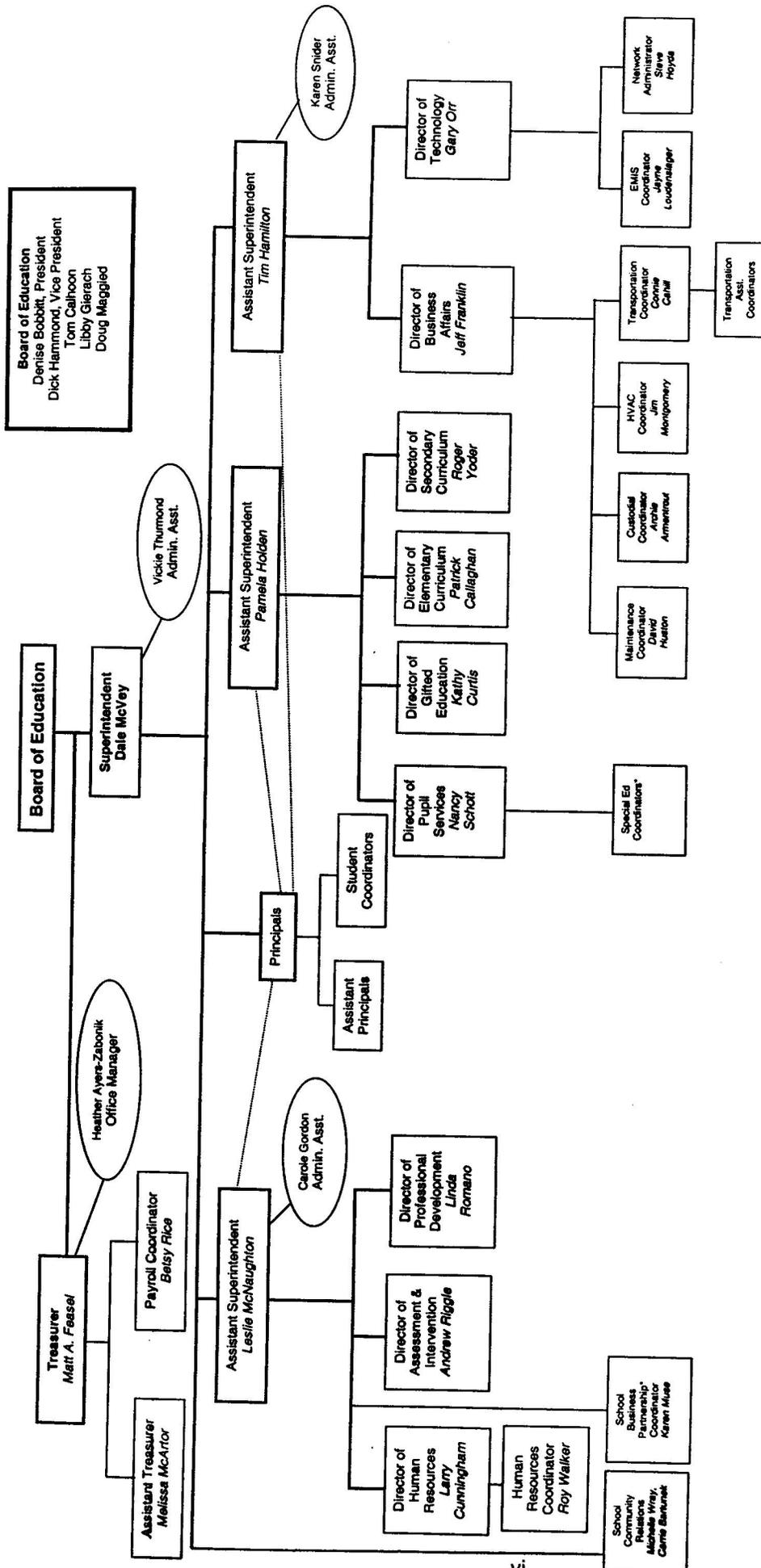
Dale A. McVey
Matt A. Feasel

ADMINISTRATIVE STAFF

Assistant Superintendent
Assistant Superintendent
Assistant Superintendent
Director, Business Affairs
Director, Secondary Curriculum
Director, Elementary Curriculum
Director, Pupil Services
Director, Talented and Gifted
Director, Academic Assessment and Intervention
Director, School Age Child Care
Director, Human Resources
Director of Technology
Director of Professional Development
Principal, Hilliard Davidson High School
Principal, Hilliard Darby High School
Principal, Hilliard Heritage Middle School
Principal, Hilliard Weaver Middle School
Principal, Hilliard Memorial Middle School
Principal, Hilliard Station Sixth Grade School
Principal, Hilliard Tharp Sixth Grade School
Principal, Alton Darby Elementary School
Coordinator, Alton Darby Preschool
Principal, Avery Elementary School
Principal, Beacon Elementary School
Principal, Britton Elementary School
Principal, Brown Elementary School
Principal, Darby Creek Elementary School
Principal, Hilliard Crossing Elementary School
Principal, Hilliard Horizon Elementary School
Principal, Hoffman Trails Elementary School
Principal, J.W. Reason Elementary School
Principal, Norwich Elementary School
Principal, Ridgewood Elementary School
Principal, Scioto Darby Elementary School

Leslie McNaughton
Tim Hamilton
Pam Holden
Jeff Franklin
Roger Yoder
Patrick Callaghan
Nancy Schott
Kathy Curtis
Andy Riggle
Anna Karoutsos
Larry Cunningham
Garry Orr
Linda Romano
John Badow
Jeffrey Reinhard
Suzanne McCoy
Ed O'Reilly
Doug Lowery
Thomas Tucker
Tom Stahl
Jim Humbert
Sharon Balduf
Steven Beale
Craig Vroom
Pat Ferrenkopf
Brian Blum
Diane Hammons
Cindi Montgomery
Vicky Clark
Denny Thompson
Huberta Johnson
Karen Lehrer
Jennifer Wash
Robert Spicer

Hilliard City School District 2004





Hilliard City School District

Dale A. McVey, Superintendent

Matt A. Feasel, Treasurer/CFO
Tim Hamilton, Assistant Superintendent
Jeff Franklin, Business Affairs
Larry Cunningham, Human Resources
Gary Orr, Technology
Andy Riggle, Assessment/Intervention

Leslie A. McNaughton, Assistant Superintendent
Pamela Holden, Assistant Superintendent
Patrick Callaghan, Elementary Curriculum
Roger Yoder, Secondary Curriculum
Kathy Curtis, Gifted Services
Nancy Schott, Pupil Services
Linda M. Romano, Professional Development

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December 17, 2004

To the Board of Education and the Citizens of the Hilliard City School District:

As the Superintendent and Treasurer of the Hilliard City School District (the District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2004 is prepared in accordance with 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).

This CAFR is presented in three sections:

- The **Introductory Section** includes a title page, the table of contents, this transmittal letter, a list of principal officials, and the District's organizational chart.
- The **Financial Section** includes the independent auditor's report on the financial statements, management's discussion and analysis, basic financial statements, required supplementary information, and the combining and individual fund financial statements and schedules that provide detailed information relative to the basic financial statements.
- The **Statistical Section** includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

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

Reporting Entity

The District was organized in the late 1800's and is a fiscally independent political subdivision of the State of Ohio. The District is a public school system located primarily in Franklin County, with a small portion (less than 1%) extending into Union County. The District's area is approximately 60 square miles in and around the City of Hilliard. Also included are portions of the cities of Columbus and Dublin, as well as Norwich, Brown, Washington, Prairie, and Franklin Townships. Located approximately 15 miles northwest of the downtown area of the City of Columbus, the District is largely suburban in character and continues to be one of the fastest growing school districts in the State of Ohio.

HILLIARD CITY SCHOOL DISTRICT

The District is governed by the Board of Education, a body politic and corporate, charged with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by the laws of the State of Ohio. The Board is comprised of five members elected for overlapping four calendar year terms.

The District is a participant among 120 educational focused entities in a joint venture to operate the Metropolitan Educational Council (MEC). 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 districts. MEC is governed by a board of directors consisting of a member of the Board of Education and a member of the administrative staff from each of the participating members. The District has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations and likewise shall participate in proceeds from sale of assets upon liquidation. MEC is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial statements for MEC can be obtained from Metropolitan Educational Council administrative offices at 2100 City Gate Drive, Columbus, OH 43219.

The Central Ohio Joint Vocational School District (COJVS) is a jointly governed organization of the District. The District's Board of Education appoints one member of the seven member Board of Education of COJVS. However, the financial statements of COJVS are not included within the District's reporting entity as the District cannot impose its will and there is no financial benefit, financial burden relationship or related party transactions between the District and COJVS.

The Central Ohio Special Education Resource Center (COSERC) is a jointly governed organization of the District. The District's Board of Education appoints one member of the seventy member Governing Board of COSERC. However, the financial statements of COSERC are not included within the District's reporting entity as the District cannot impose its will and there is no financial benefit, financial burden relationship or related party transactions between the District and COSERC.

The District's reporting entity includes the following:

St. Brendan's School--Within the District's boundaries, St. Brendan School is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

Sunrise Academy--Within the District's boundaries, Sunrise Academy is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

Dublin Prep Academy-- Within the District's boundaries, Dublin Prep Academy is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

HILLIARD CITY SCHOOL DISTRICT

The District operates two high schools, three middle schools, two sixth grade schools, and thirteen elementary schools. Additionally, the District operates an administration building, a maintenance/resource center facility, a transportation compound and a support services center.

Economic Condition and Outlook

The School District is in the Columbus, Ohio Metropolitan Statistical Area (MSA), which is comprised of the counties of Delaware, Fairfield, Franklin, Licking, Madison, Pickaway and Union, and is the thirtieth largest MSA of 271 in the United States.

The Columbus area has maintained a strong economic climate, even during periods of recession. This is because Columbus is the state capitol, and is national headquarters for many corporations, banking centers and insurance companies. There are also a number of colleges and universities in the area that contribute to a stable local economy. This stability has contributed to the growth of the Hilliard City School District, as demonstrated by the following:

	1994	2004
Assessed Valuation	\$948,389,408	\$2,111,101,167
Student Enrollment	8,662	14,220

The District, along with many other public school systems in the state, still faces some difficult economic situations in the future, since the primary funding source is property tax revenues. Ohio law limits growth in real estate tax revenues by reducing millage as assessed values increase. This results in revenues generated from each levy remaining relatively constant. The District, as one of the fastest growing in the State of Ohio, has experienced considerable growth in assessed value from new home construction, however, with those new homes comes additional students, and the cost per pupil to educate those new students far exceeds the additional revenues from property taxes. Statewide, voters have proved reluctant to increase property taxes. The District's management is aware of these facts and is constantly looking for alternate sources of income, as well as searching for ways to provide a more efficient means of doing business and continuing to provide excellent educational services. We recognize the difficulty in seeking new revenues, but also are aware that the school community continues to be supportive of education.

For the future, our long range forecasting predicts that the District will continue experiencing significant student growth through the year 2006. As a result, we expect expenditures to exceed revenues during this growth period, causing the District periodically to seek additional funding.

Historically, variations in the general economy have not caused high unemployment among residents of the District. Unemployment in the Franklin County Area, as listed by the Ohio Bureau of Employment Services, was 5.2 percent for the period ended June 30, 2004. This rate of unemployment was below the Ohio rate of unemployment of 5.5 percent and the national unemployment rate of 5.6 percent for the same period. We therefore, do not expect delinquency rates in the District's property tax revenue to increase at a rate any greater than experienced by other school districts throughout Ohio.

HILLIARD CITY SCHOOL DISTRICT

The funding system for schools in Ohio had been declared unconstitutional in a suit filed in Perry County. Litigation, similar to that in other states, had been pending in Ohio courts since 1991 questioning the constitutionality of Ohio's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools".

In a September 6, 2001 opinion the Ohio Supreme Court resolved the litigation that had long been pending in Ohio courts questioning the constitutionality of the State's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools." The majority of the Court concluded that the system of school funding, as it had been modified and developed since 1991 and assuming full implementation of two modifications newly ordered by the Court, will meet constitutional requirements. (Two dissenters would find the system not yet in compliance; a third continued to conclude that compliance was a matter for the legislative branch, not the judiciary.) The two modifications directed by the Court, one of which will have an impact in the current State fiscal biennium, were:

- Revisions of the formula and factors involved in calculating the per student costs of providing an adequate education. The Court stated no deadline, but did require that the new calculations be applied retroactively to July 1, 2001 (the beginning of the previous State biennium). The Court had granted the state's motion for reconsideration and clarification of this modification, relating particularly to part of the formula aspect and the retroactivity requirements. It had also referred to a master commissioner the issues raised in that motion and any other issues the parties and the selected mediator consider appropriate issues for mediation, and stayed the cause pending completion of settlement conferences.
- The effective date of full implementation of a parity aid program (already adopted and being phased in) moved up by two years -- full funding to be in Fiscal Year 2004 rather than 2006.

In a prior opinion in 2000, the Court had stated as general base threshold requirements that every school district have:

- Enough funds to operate
- An ample number of teachers
- Sound and safe buildings
- Equipment sufficient for all students to be afforded an educational opportunity

In response to the then ongoing litigation, the General Assembly has taken several steps, including significantly increasing State funding for public schools (operating and capital), as discussed below. In addition, at the November 1999 election electors approved a constitutional amendment submitted by the General Assembly authorizing the issuance of State general obligation debt for school buildings (and for higher education facilities). December 2000 legislation addressed certain mandated programs and reserves, characterized by the plaintiffs and the Court as "unfunded mandates."

As part of its post-1991 response, the General Assembly increased State funding for public schools. State appropriations (including State lottery net profits) previously made for the prior 2002-03 biennium are, according to the State Office of Budget and Management, \$15.2 billion (17% over the previous biennium) and represent an increase of 8.1% in Fiscal Year 2002 over 2001 and 4.9% in Fiscal Year 2003 over 2002.

HILLIARD CITY SCHOOL DISTRICT

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

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

As of the date of these financial statements, the District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

MAJOR INITIATIVES

Current Year Projects

The growth trend continues in the Hilliard City School District. Just as in recent years, enrollment is at an all-time high. How to cope with the growth is a top priority in the district as a bond issue for a third high school failed in the fall of 2003. In October, 14,220 students were enrolled in the District as reported to the Ohio Department of Education, thus making it the 9th largest district in the state. Planning Advocates, an independent statistical consulting firm, has projected the District to grow by more than 300 students a year, reaching 17,298 students by 2011-2012. The District employed more than 1,700 staff members.

An operating levy also failed in November 2003. However, the approval of the 9.5-mill levy in the subsequent March¹ election allowed the District to avoid \$14 million in cuts from the \$123-million annual budget. The District, however, committed to reduce spending by \$10 million over the course of three years. Nearly \$7 million in reductions have been made thus far, therefore necessitating an additional \$3 million in 2004-05 and 2005-06.

As the District strove to provide a quality education to its growing population, the Board of Education, with the recommendation of the Superintendent, adopted the five following goals for the school year:

- Successfully pass a bond issue and an operating levy to sustain educational programming consistent with the vision/mission/beliefs of the Hilliard City School District.
- Design and implement curriculum aligned with standards, research and best practices to engage students in learning experiences that promote student achievement and meet individual needs.
- Provide educational programming that addresses the diversity of the student population.
- Develop and implement focused professional development, which impacts student achievement for all staff.
- Develop a shared understanding of the implications and programmatic changes in regard to ESEA, "No Child Left Behind," standards and other district, state and federal initiatives.

¹ Due to the presidential elections of 2004, the spring primary, also known as Super Tuesday, was held March 2.

HILLIARD CITY SCHOOL DISTRICT

Activities underway during the 2004-05 school year

This year's outlined initiatives are:

- Encourage and enhance communication among schools, parents, students, the community and elected officials.
- Student achievement will be increased through curriculum focused on individual needs and student understanding; delivered through Instructional Best Practices that engage students in quality work experiences.
- Provide educational programming that addresses the diversity of the student population.
- Continue to develop and implement focused professional development/training that has an impact on student achievement.
- Create an understanding among our constituents of school finance and its challenges, as well as keep them informed and updated in current and future activities concerning Hilliard City School District finances.
- Identify and implement short- and long-term housing options that address the needs of students.

With the failure of the bond issue in 2003, the District is currently studying its long-term options. Modular units will be placed at both high schools, Hilliard Darby and Hilliard Davidson, in early 2005 for a temporary housing fix. Classrooms in other buildings not at capacity and non-classroom space, such as hallways and storage rooms, continue to be used for instructional purposes. In fact, classes for Hilliard Darby High School are held in four locations beyond its campus. The Board is currently studying research provided by the Growth Issues Community Group, formed last year after the third defeat of the bond issue, in its pursuit for a long-term solution.

In another major initiative for the year, two committees were formed related to school finance: the State Funding Issues Committee and the Finance Committee. Both comprised of school officials and community members, the goals of the committees are to create a broader understanding of school finance and its implications at the local and state levels.

The District's Finance Committee serves in partnership with the District in communicating to the community matters involving District finances. It also assists with conducting research and gathering community feedback regarding the fiscal management of the District.

Members of the District's State Funding Issues Committee are eager to make a difference at the state level. The committee members have met with the District's state legislators to begin developing open communications and an effective working relationship. The committee also is scheduling meetings with other Central Ohio school districts to share ideas and combine efforts in reaching out to the state legislature and working toward funding reform.

HILLIARD CITY SCHOOL DISTRICT

Accomplishments

Even with significant growth and a changing population, Hilliard City Schools met almost 90 percent of the indicators on the state's local report card. Test scores increased in each category: proficiency test results in all tested grades, the graduation rate and the attendance rate. The District also surpassed the standard in the newest category -- third grade reading -- by 10 points.

Additionally, results showed more and more students passed the tests at higher levels, as evidenced by the performance index score. This year's score, 96.1, is the highest performance index score ever for the District. The District also achieved its highest-ever graduation rate; and highest-ever attendance rate, continuing the steady rise from the report card's inception.

Other major accomplishments were:

- Eight Hilliard teachers earned certification from the National Board of Professional Teaching Standards.
- Hilliard Davidson High School was awarded a grant totaling nearly \$370,000 from the U.S. Department of Education for its Smaller Learning Communities initiative.
- Five of the District's schools -- all three middle and the two sixth-grade buildings -- served as model schools for the Coalition of Essential Schools national conference, which convened in Columbus in the fall.
- Hilliard Darby High School received a national award from FranklinCovey, the kingpin of organization and personal time management skills, for implementing the 7 Habits for Highly Effective Teens in its building.
- One of the District's orchestra teachers was named the Teacher of the Year by the state chapter of the American String Teachers Association.

Financial Information

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

- **Government-wide financial statements** -- These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses.
- **Fund financial statements** -- These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

HILLIARD CITY SCHOOL DISTRICT

- **Statement of budgetary comparisons** – This statement presents comparisons of actual information to the legally adopted budget for the general fund. The budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. The discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the Districts' finances for 2003-04.

Internal Controls

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

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

The concept of reasonable assurance recognizes that:

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

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

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 Franklin 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 adopts the tax budget at its first January 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 by October 1 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 encumbered year. The Board of Education normally adopts a temporary appropriations measure at its June meeting for the period of July 1 through September 30. The appropriation measure may be amended or supplemented during the year as new information

HILLIARD CITY SCHOOL DISTRICT

becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations 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.

General Government Functions

Revenue Narrative:

Revenues for all governmental funds totaled \$138,068,888 in 2004, as compared to \$122,101,328 in 2003. The following table summarizes the composition of the 2004 and 2003 revenues by source in thousands:

<u>Revenues by source</u>	<u>2004</u>		<u>2003</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Property Taxes	\$83,313	60.3%	\$70,972	63.4%	17.39 %
Intergovernmental	48,308	35.0%	44,171	33.2%	9.07 %
Investment Income	322	0.2%	1,030	1.7%	(68.74)%
Other	<u>6,125</u>	<u>4.4%</u>	<u>5,928</u>	<u>1.7%</u>	<u>2.23 %</u>
TOTAL	<u>\$138,068</u>	<u>100.0%</u>	<u>\$122,101</u>	<u>100.0%</u>	<u>13.07 %</u>

The increase in property tax revenues is primarily due to the timing of the certification of property tax revenues in the current year by the County Auditor. Property tax revenues are recognized based on the amounts certified by the County Auditor as of June 30 of each year, which based on collections, may significantly fluctuate from year to year. In the current year this fluctuation represents an approximately 17.39 % increase in tax revenue over prior year.

Intergovernmental revenues consist mainly of grants-in-aid from the State of Ohio and the Federal government. The 9.07% increase is due to the increase in State basic aid resulting from student enrollment growth, and increases to the basic aid formula and parity aid funding established by the State legislature, as well as increases provided by the Federal government through Federal funding projects. Investment earnings decreased 68.74% due mainly to the lower rates as expected as well as less money on hand as construction projects were completed.

Expenditure Narrative:

Expenditures for all governmental funds totaled \$142,227,429 in 2004, as compared to \$141,411,748 in 2003. The following table summarizes the composition of the 2004 and 2003 expenditures by major function in thousands:

HILLIARD CITY SCHOOL DISTRICT

<u>Expenditure by Function</u>	<u>2004</u>		<u>2003</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Current:					
Instructional Services	\$72,278	50.9%	\$67,819	48.0%	6.57 %
Support Services	42,904	30.2%	44,289	31.3%	(3.13) %
Community Services	1,537	1.0%	1,331	1.0%	5.71 %
Food Service	3,224	2.3%	3,335	2.3%	(3.33) %
Extracurricular Activities	2,568	1.8%	2,498	1.8%	2.80 %
Capital Outlay	7,945	5.6%	8,948	6.3%	(11.79)%
Debt Service:					
Principal Retirement	6,483	4.6%	6,891	4.9%	(5.92) %
Interest/Fiscal Charge	<u>5,288</u>	<u>3.7%</u>	<u>6,202</u>	<u>4.4%</u>	<u>(14.74)%</u>
TOTAL	<u>\$142,227</u>	<u>100.0%</u>	<u>\$141,412</u>	<u>100.0%</u>	<u>0.57 %</u>

The comparative schedule indicates that total expenditures increased by 0.57 %. This increase is primarily a result of continued increased enrollment in student population, and annual increases to employee compensation and corresponding benefits. The decrease in capital outlay is a result of completed construction of buildings and permanent improvements provided through the proceeds of the fiscal year 2000 bond issue. Debt service requirements have been managed so total annual principal and interest payments will be fairly consistent for the next five years.

Fiduciary Funds

Agency Funds

Agency Funds are comprised of two funds: The Student Activity Fund and the Section 125 Fund. The Student Activity Fund is comprised of assets held by the Board of Education that have been accumulated through extracurricular activities that are controlled directly by the students. The Section 125 Fund is comprised of assets held by the Board of Education for employees participating in a qualified cafeteria plan that are generated through employee payroll deductions. On June 30, 2004, total combined assets held in Agency Funds amounted to \$329,359.

Debt Administration

On June 30, 2004, the District had general obligation bonds outstanding consisting of \$132,783,199. The bonds consist of nine issues: \$3,000,000 issued September 1, 1981 for the purpose of construction and school improvements; \$35,000,000 issued February 1, 1996 for the purpose of construction and school improvements; \$54,200,000 issued March 1, 2000 for the purpose of construction and school improvements; \$5,000,000 issued June 15, 2001 for the purpose of construction and school improvement; \$20,560,000 advanced refunding bonds issued March 1, 1992 to defease bonds issued October 1, 1987 for the purpose of construction and school improvements; \$8,584,000 advanced refunding bonds issued May 10, 1993 to defease bonds issued February 1, 1990 for the purpose of construction and school improvements; \$500,000 and \$15,899,176 advanced refunding bonds issued December 1, 1997 to defease bonds issued January 1, 1992 for the purpose of construction and school improvements; \$1,000,000 and \$31,444,656 advanced refunding bonds issued June 15, 2001 to defease bonds issued March 1, 1995 for the purpose of construction and school improvements; and, \$2,764,999

HILLIARD CITY SCHOOL DISTRICT

current refunding bonds issued June 1, 2004 to defease bonds issued May 10, 1993 for the purpose of construction and school improvements.

Cash Management

The District maintains an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash. Cash temporarily idle during the year was invested in demand deposits, obligations of the U.S. Treasury, State Treasury Asset Reserve of Ohio (STAR Ohio), and repurchase agreements. The District earned interest revenue of \$322,245 on all investments for the year ended June 30, 2004. The Treasurer, as custodian of all District monies, is responsible for investing idle funds and directing the investment policy of the District.

The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Deposits with financial institutions were either insured by federal depository insurance or collateralized in accordance with State requirements. Substantially all collateral on deposits was held either by the District's agent or a financial institution's trust department, not in the District's name. It is the policy of the District to invest in repurchase agreements only when the investment period is less than 30 days. State law does not require security for public deposits and investments to be maintained in the District's name.

Risk Management

For the first half of the fiscal year, the District was part of a statewide plan for workers' compensation insurance coverage. Beginning January 1, 2004, the District enrolled in the retrospective rating plan for worker's compensation. In this plan, the individual premium rate is calculated based on the worker's compensation experience of the District. Additionally, the District carries all-risk property insurance on buildings and contents, fleet insurance on all rolling stock, liability and excess liability insurance coverage as well as officers' liability insurance, employee benefits liability, and workers' compensation intentional acts defense coverage. All employees are bonded, and medical coverage for employees is provided through a conventional healthcare plan.

INDEPENDENT AUDITORS

The basic financial statements of the District for the year ended June 30, 2004 were audited by the Auditor of the State of Ohio, Betty Montgomery, whose opinion thereon is included at the beginning of the Financial Section of this report.

The School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

HILLIARD CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements, which follow the basic financial statements, contain additional information and are an integral part of such statements.

AWARD PROGRAM

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to school districts meeting their requirements for comprehensive annual financial reports. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, which has contents conforming to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Hilliard City School District received its Certificate of Achievement for the first time during fiscal year 1994, and again for each subsequent fiscal year. We believe the current report continues to conform to the Certificate of Achievement Program requirements and will be submitted to the GFOA to determine its eligibility for certification.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the staff of the Treasurer's office, Superintendent's office, and the School-Community Relations office. Their conscientious and dedicated work ensured the integrity of the information contained herein and guaranteed the successful completion of this report. The Franklin County Auditor's office was instrumental in providing us with current statistical information, which we greatly appreciate.

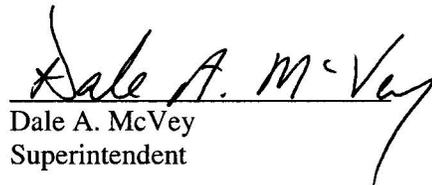
This year we would like to extend special recognition to Melissa McArtor, Assistant Treasurer, whose responsibility includes the preparation of the Comprehensive Annual Financial Report. Her dedication, skills, and demand for excellence in financial reporting are noteworthy and greatly appreciated.

In closing, without the patience, support, commitment, and leadership of the Board of Education, preparation of this report would not have been possible.

Respectfully submitted,



Matt A. Feasel
Treasurer



Dale A. McVey
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hilliard City School District,
Ohio

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

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

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Financial

SECTION

Growth has been the major theme of Hilliard City Schools. As the population of the District has grown, the budget has increased accordingly. In this 10th Comprehensive Annual Financial Report compiled by the District, the population has grown from 8,660 students in the 1993-94 school year to 14,220 in the 2003-04 school year. As a result, the District has grown from 14 to 23 buildings. During this 10-year time period, the District's annual general fund budget has increased from \$39,792,038 in 1993-94 to \$123,982,790 in 2003-04.





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

Hilliard City School District
Franklin County
5323 Cemetery Road
Hilliard, Ohio 43026

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hilliard City School District, Franklin 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 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 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 Hilliard City School District, Franklin County, Ohio, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the budgetary comparison for the General Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 17, 2004

Hilliard City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

As management of the Hilliard City School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

The District's net assets are \$33,717,309 as of June 30, 2004 according to the Statement of Net Assets. This represents a decrease of \$1,771,524 or 5.0% over last year. The decrease in net assets is a direct result of expenses continuing to out pace revenue sources.

The property tax laws in Ohio create the need periodically to seek voter approval for additional operating funds. Tax revenues generated from voted tax levies do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts such as ours that are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues, management of the resources is of paramount concern to the District's administration and the voting public.

The District was successful in passing a 9.5 mill operating levy on March 2, 2004. In conjunction with the levy, the District has planned \$10 million in expenditure reductions over the next 3 years. These combined efforts will assist in keeping the District financially solvent through the next 3 fiscal years. Additional measures will be implemented in an attempt to maintain this solvency in to fiscal year 2008-09, without asking voters to approve additional operating dollars.

The General Fund reported a positive fund balance of \$9,496,977.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds appears on the fund financial statements beginning with the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. These statements provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental, and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

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 that are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and 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 financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds

The District's fiduciary funds are student-managed activities and Section 125 agency funds. The District's fiduciary activities are reported in the Statement of Net Assets, Fiduciary Funds. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$33,717,309 according to the Statement of Net Assets at the close of the most recent fiscal year.

A portion of the District's net assets (39.0%) reflects its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves usually are not used to liquidate these liabilities.

A comparative analysis of fiscal year 2004 to 2003 follows from the Statements of Net Assets:

Hilliard City School District		
Net Assets		
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Current assets	\$ 122,098,400	124,864,612
Capital assets	139,115,704	139,872,790
Total assets	<u>261,214,104</u>	<u>264,737,402</u>
Current liabilities	85,548,803	82,575,787
Long-term liabilities	141,947,992	145,905,974
Total liabilities	<u>227,496,795</u>	<u>228,481,761</u>
Net Assets:		
Invested in capital, net of debt	13,143,155	25,451,988
Restricted	21,886,461	6,048,566
Unrestricted	<u>(1,312,307)</u>	<u>4,755,087</u>
Total net assets	<u>\$ 33,717,309</u>	<u>\$ 36,255,641</u>

A portion of the District's net assets (64.9%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities.

Hilliard City School District		
Changes in Net Assets		
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2004</u>	<u>2003</u>
Program revenues:		
Charges for services	\$ 5,039,040	\$ 5,206,607
Federal grants	3,369,009	3,141,352
State grants	1,000,763	701,641
General revenues:		
Property taxes	83,616,658	68,780,772
State entitlements	43,475,009	40,443,840
Investment income	337,270	1,029,779
Other	1,086,917	721,144
Total revenues	<u>137,924,666</u>	<u>120,025,135</u>
Program expenses:		
Instructional	79,015,141	72,973,378
Support services	44,451,750	45,007,927
Community services	1,553,777	1,596,524
Food service	3,301,938	3,348,203
Co-curricular student activities	2,866,754	2,663,286
Enterprise Operations	4,891	-
Facilities Acquisition and Construction	796,466	-
Interest on long-term debt	7,697,400	4,558,874
Miscellaneous	8,073	-
Total expenses	<u>139,696,190</u>	<u>130,148,192</u>
Increase(decrease) in net assets	<u>\$ (1,771,524)</u>	<u>\$ (10,123,057)</u>

Governmental Activities

Net assets of the District's governmental activities decreased by \$1,771,524. The decrease in net assets is a direct result of expenses continuing to out pace revenue sources.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services.

<u>Programs</u>	<u>Total Cost of Services</u> <u>2004</u>	<u>Net Cost of Service</u> <u>2004</u>
Instructional services	\$ 79,015,141	75,774,145
Support services	44,451,750	43,926,400
Community services	1,553,777	(300,822)
Food services	3,301,938	10,151
Extracurricular	2,866,754	2,372,185
Enterprise Operations	4,891	4,891
Facilities Acquisition and Construction	796,466	796,466
Interest on long-term debt	7,697,400	7,697,400
Miscellaneous	<u>8,073</u>	<u>6,562</u>
Total	<u>139,696,190</u>	<u>130,287,378</u>

Local property taxes make up 65.1% of total revenues for governmental activities. The net services column reflecting the need for \$130,287,378 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a fund balance of \$30,589,329, which represents a decrease of \$4,088,147 as compared to last year's total of \$34,677,476 according to the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The schedule below shows the fund balance and the total change in fund balance from June 30, 2003 to 2004.

	<u>Fund Balance at</u> <u>June 30, 2004</u>	<u>Fund Balance at</u> <u>June 30, 2003</u>	<u>Increase</u> <u>(Decrease)</u>
General Fund	\$ 9,496,977	9,575,810	(78,833)
Bond Retirement Fund	9,179,975	6,368,224	2,811,751
Building Fund	10,287,239	18,190,084	(7,902,845)
Other Governmental Funds	<u>1,625,138</u>	<u>543,358</u>	<u>1,081,780</u>
Total	<u>\$ 30,589,329</u>	<u>34,677,476</u>	<u>(4,088,147)</u>

General Fund

The District's General Fund balance decreased as a result of expenditures continuing to out pace revenues.

Revenues	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Property taxes	\$ 70,300,680	59,817,124	17.53%
Intergovernmental	42,439,290	39,615,946	7.13%
Investment income	279,764	905,574	-69.11%
Other revenue	<u>1,065,931</u>	<u>1,409,895</u>	<u>-24.40%</u>
Total	<u>\$ 114,085,665</u>	<u>101,748,539</u>	<u>12.13%</u>

The increase in property tax revenues is primarily due to the certification of property tax revenues in the current year by the County Auditor. Property tax revenues are recognized based on the amounts certified by the County Auditor as of June 30 of each year, which based on collections, may significantly fluctuate from year to year. In the current year, this fluctuation represents an approximate increase of 17.53 % in tax revenue over prior year.

As the table below indicates, the largest portion of General Fund expenditures is for instructional cost.

Expenditures by Function	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Instructional services	\$ 69,198,579	65,503,971	5.64%
Support services	41,495,612	42,878,907	-3.23%
Food Service	7,260	40,742	100.00%
Co-curricular student activities	2,072,215	2,053,239	0.92%
Other Facilities Acquisition and Construction	33,963	-	100.00%
Capital outlay	-	204,503	-100.00%
Debt service	<u>149,089</u>	<u>143,499</u>	<u>3.90%</u>
Total	<u>\$ 112,956,718</u>	<u>110,824,861</u>	<u>1.92%</u>

Expenditures are up 1.92% over the prior year mostly due to salary and benefit increases, including increased health insurance premiums, associated with existing staff.

Bond Retirement Fund

The Debt service fund is used to account for repayment of the District's general obligation debt. Property revenues are allocated within the fund to meet current debt requirements.

Building Fund

The building fund is used to account for significant capital projects. In 2004, costs within this fund and the corresponding decrease in fund balance are related to expenditures for the acquisition of land, completion of the support services facility project and other miscellaneous capital projects.

Other Funds

Other governmental funds consist of Special Revenue and other capital projects funds. The fund balance of these funds increased by \$1,081,780.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. Changes are made to the District's budget as changes in revenues and spending patterns are experienced.

The District uses the five-year forecast as the original document from which to form the operating budget. After updating the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students in the specific buildings. Budgets are reviewed periodically to ensure management becomes aware of any variations during the year. There were no significant variations between original and final budgets or between actual budgetary expenditures and final budget in the General Fund for the year ended June 30, 2004. Since there were no significant fluctuations in estimates, the District did not file any appropriation amendments with the County.

Capital Assets

The District has \$139,115,704 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2004, the District had \$132,783,199 in outstanding bonds. The District paid \$6,370,000 in principal on bonds outstanding and \$5,251,680 in interest payments during the 2004 fiscal year. The District also refunded \$2,767,253 in serial bonds from the 1993 issuance. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. As of June 30, 2004, the District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

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

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

As of the date of these financial statements, the District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

BASIC FINANCIAL STATEMENTS

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Hilliard City School District
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$28,573,687
Cash and Cash Equivalents in Segregated Accounts	49,915
Receivables	
Taxes - Current	85,136,024
Taxes - Delinquent	7,452,102
Accounts	33,071
Accrued Interest	31,031
Due from:	
Other Governments	751,718
Other	11,913
Materials & Supplies Inventory	27,338
Prepaid Assets	31,601
Land	16,015,452
Other Capital Assets, Net	123,100,252
Total Assets	<u><u>261,214,104</u></u>
Liabilities	
Accounts Payable	298,544
Retainage Payable	49,915
Accrued Wages and Benefits	10,514,911
Due to Other:	
Governments	2,407,165
Interest Payable	644,939
Deferred Revenue	68,775,219
Compensated Absences Payable	90,857
Refunding Bonds Payable	2,767,253
Long-Term Liabilities	
Due within One Year	8,420,758
Due in More Than One Year	133,527,234
Total Liabilities	<u><u>227,496,795</u></u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	13,143,155
Restricted for:	
Debt Service	8,535,036
Capital Projects	10,287,239
Other Puposos	3,064,186
Unrestricted	(1,312,307)
Total Net Assets	<u><u>\$33,717,309</u></u>

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

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction				
Regular	\$ 64,587,894	\$ 303,709	\$ 154,594	\$ (64,129,591)
Special	13,521,829	329,001	2,453,692	(10,739,136)
Vocational	840,016	-	-	(840,016)
Other Instruction	65,402	-	-	(65,402)
Support Services				
Pupils	7,602,064	-	359,721	(7,242,343)
Instructional Staff	8,677,728	-	54,204	(8,623,524)
General Administration	8,106,716	-	-	(8,106,716)
Board of Education	455,554	-	-	(455,554)
Fiscal Services	3,052,360	-	-	(3,052,360)
Business	706,361	-	-	(706,361)
Operation & Maintenance of Plant	10,256,386	-	-	(10,256,386)
Pupil Transportation	5,200,507	-	-	(5,200,507)
Central	394,074	-	111,425	(282,649)
Community Services	1,553,777	1,285,973	568,626	300,822
Food Service Operations	3,301,938	2,625,788	665,999	(10,151)
Extra Curricular Activities	2,866,754	494,569	-	(2,372,185)
Enterprise Operations	4,891	-	-	(4,891)
Facilities Acquisition & Construction	796,466	-	-	(796,466)
Interest and Fiscal Charges	7,697,400	-	-	(7,697,400)
Miscellaneous	8,073	-	1,511	(6,562)
Totals	\$ 139,696,190	\$ 5,039,040	\$ 4,369,772	\$ (130,287,378)
General Revenues				
Property Taxes Levied for:				
General Purposes				
				70,555,812
Debt Service				
				13,060,846
Grants & Entitlements not Restricted to Specific Programs				
				43,475,009
Investment Earnings				
				337,270
Miscellaneous				
				1,086,917
Total General Revenues				128,515,854
Change in Net Assets				(1,771,524)
Net Assets Beginning of Year - Restated (See Note 21)				35,488,833
Net Assets End of Year				\$33,717,309

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

Hilliard City School District
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 5,617,507	\$ 9,159,309	\$ 10,302,565	\$ 1,667,319	\$ 26,746,700
Cash and cash equivalents in segregated accounts	-	-	49,915	-	49,915
Restricted cash & investments	1,826,987	-	-	-	1,826,987
Receivables (net of allowances for uncollectibles)					
Taxes - Current	73,789,221	11,346,803	-	-	85,136,024
Taxes - Delinquent Accounts	6,182,246	1,269,856	-	-	7,452,102
Accrued Interest	33,071	-	-	-	33,071
Accrued Interest	31,031	-	-	-	31,031
Due from Other:					
Governments	158,168	-	-	593,550	751,718
Funds	63,982	-	-	-	63,982
Materials and Supplies Inventory	-	-	-	27,338	27,338
Prepaid expenditures	31,601	-	-	-	31,601
Total assets	87,733,814	21,775,968	10,352,480	2,288,207	122,150,469
Liabilities:					
Accounts Payable	269,123	-	15,326	14,095	298,544
Contracts Payable	-	-	-	-	-
Retainage Payable	-	-	49,915	-	49,915
Accrued Wages and Benefits	10,103,116	-	-	411,795	10,514,911
Due to other funds	-	-	-	52,069	52,069
Due to other governments	1,360,135	-	-	185,110	1,545,245
Compensated Absences Payable	90,857	-	-	-	90,857
Deferred Revenue	66,413,606	9,828,740	-	-	76,242,346
Refunding Bonds Payable	-	2,767,253	-	-	2,767,253
Total Liabilities	78,236,837	12,595,993	65,241	663,069	91,561,140
Fund Balances					
Reserved					
Future Appropriations	13,572,886	2,787,919	-	-	16,360,805
Prepaid Expenditures	31,601	-	-	-	31,601
Budget Stabilization	1,826,987	-	-	-	1,826,987
Unreserved					
Undesignated, Reported in:					
General fund	(5,934,497)	-	-	-	(5,934,497)
Special Revenue funds	-	-	-	1,237,199	1,237,199
Debt Service fund	-	6,392,056	-	-	6,392,056
Capital Projects fund	-	-	10,287,239	387,939	10,675,178
Total fund balances	9,496,977	9,179,975	10,287,239	1,625,138	30,589,329
Total liabilities and fund balances	\$ 87,733,814	\$ 21,775,968	\$ 10,352,480	\$ 2,288,207	\$ 122,150,469

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

Hilliard City School District, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004

Total Governmental Fund Balances	\$30,589,329
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	139,115,704
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	7,467,127
Other liabilities are not to be paid from current period resources and are not reported in the funds.	
Due to Other Governments	(861,920)
Interest Payable	(644,939)
	(1,506,859)
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(8,847,743)
General Obligation Debt	(132,783,199)
Capital Lease Obligations	(317,050)
	(141,947,992)
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$33,717,309</u></u>

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

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

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources					
Taxes	\$ 70,300,680	\$ 13,012,250	\$ -	\$ -	\$ 83,312,930
Tuition	147,226	-	-	1,589,682	1,736,908
Earnings on Investments	279,764	\$ 2,254	38,982	1,245	322,245
Other local	181,775	-	-	154,996	336,771
Intergovernmental - State	42,146,911	1,328,098	-	1,000,763	44,475,772
Intergovernmental - Federal	292,379	-	-	3,539,605	3,831,984
Classroom Materials & Fees	705,944	-	-	-	705,944
Other revenue	30,986	118,675	14,191	62,125	225,977
Extracurricular Activities	-	-	-	494,569	494,569
Food Services	-	-	-	2,625,788	2,625,788
Total Revenues	<u>114,085,665</u>	<u>14,461,277</u>	<u>53,173</u>	<u>9,468,773</u>	<u>138,068,888</u>
Expenditures:					
Current:					
Instruction					
Regular	57,726,329	-	-	460,330	58,186,659
Special	10,643,724	-	-	2,581,641	13,225,365
Vocational	828,526	-	-	-	828,526
Other Instruction	-	-	38,056	-	38,056
Support Services					
Pupils	7,434,045	-	-	47,952	7,481,997
Instructional Staff	7,773,262	-	-	105,472	7,878,734
General Administration	8,216,668	-	-	181,829	8,398,497
Board of Education	456,090	-	-	-	456,090
Fiscal Services	2,014,152	98,240	-	900,000	3,012,392
Business	659,536	-	-	-	659,536
Operation & Maintenance of Plant	10,077,204	-	13,562	286	10,091,052
Pupil Transportation	4,538,857	-	-	-	4,538,857
Central	325,798	-	-	60,833	386,631
Community Services	-	-	-	1,537,301	1,537,301
Food Service Operations	7,260	-	-	3,217,236	3,224,496
Extra Curricular Activities	2,072,215	-	-	495,491	2,567,706
Enterprise Operations	-	-	-	4,891	4,891
Facilities Acquisition & Construction Services					
Architecture & Engineering Services	-	-	1,534,931	-	1,534,931
Building Improvement Services	-	-	1,764	-	1,764
Other Facilities Acquisition & Construction	33,963	-	-	-	33,963
Miscellaneous	-	-	-	1,511	1,511
Capital Outlay	-	-	6,367,705	-	6,367,705
Debt Service:					
Principal Retirement	113,178	6,370,000	-	-	6,483,178
Interest and Fiscal Charges	35,911	5,251,680	-	-	5,287,591
Total Expenditures	<u>112,956,718</u>	<u>11,719,920</u>	<u>7,956,018</u>	<u>9,594,773</u>	<u>142,227,429</u>
Excess (deficiency) of revenue over expenditures	1,128,947	2,741,357	(7,902,845)	(126,000)	(4,158,541)
Other Financing Sources (Uses)					
Operating Transfers in	-	-	-	1,207,780	1,207,780
Operating Transfers out	(1,207,780)	-	-	-	(1,207,780)
Premium and interest on bonds sold	-	70,394	-	-	70,394
Refunding Bonds issued	-	2,764,999	-	-	2,764,999
Payment for Refunded Bonds	-	(2,764,999)	-	-	(2,764,999)
Total other financing sources (uses)	<u>(1,207,780)</u>	<u>70,394</u>	<u>-</u>	<u>1,207,780</u>	<u>70,394</u>
Net Change in Fund balances	(78,833)	2,811,751	(7,902,845)	1,081,780	(4,088,147)
Fund balances, July 1	9,575,810	6,368,224	18,190,084	543,358	34,677,476
Fund balances, June 30	<u>\$ 9,496,977</u>	<u>\$ 9,179,975</u>	<u>\$ 10,287,239</u>	<u>\$ 1,625,138</u>	<u>\$ 30,589,329</u>

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

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

Net Change in Fund Balances - Total Governmental Funds	(4,088,147)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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.	(757,086)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes	303,728
Interest	15,025
Intergovernmental	(462,975)
Proceeds from the sale of refunding bonds reported in governmental funds are not reported as revenues in the statement of activities since this provides current financial resources to governmental funds.	(2,764,999)
Repayment of bond principal, notes and leases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	9,248,173
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,480,200)
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 governmental funds.	
Compensated Absences	(689,931)
Due to Other Governments	(95,112)
<i>Change in Net Assets of Governmental Activities</i>	<i>(\$1,771,524)</i>

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

Hilliard City School District
Statement of Fiduciary Net Assets
June 30, 2004

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ 328,969
Receivables	
Accounts	390
Total assets	<u>329,359</u>
Liabilities:	
Accounts Payable	6,447
Due to Other:	
Funds	11,913
Other	310,999
Total Liabilities	<u>\$ 329,359</u>

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2004

1. Reporting Entity

The Hilliard City School District (the District) was organized in 1870 and is a fiscally independent political subdivision of the State of Ohio. The District is governed by a five-member board of education (the Board) elected by the citizens of the District.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose financial burden on the District. The District has no component units.

The District is a participant among 120 educational focused entities in a joint venture to operate the Metropolitan Educational Council (MEC). 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 districts. MEC is governed by a board of directors consisting of a member of the Board of Education and a member of the administrative staff from each of the participating members. The District has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations and likewise shall participate in proceeds from sale of assets upon liquidation. MEC is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial statements for MEC can be obtained from Metropolitan Educational Council administrative offices at 2100 City Gate Drive, Columbus, OH 43219.

The Central Ohio Joint Vocational School District (COJVS) is a jointly governed organization of the District. The District's Board of Education appoints one member of the seven member Board of Education of COJVS. However, the financial statements of COJVS are not included within the District's reporting entity as the District cannot impose its will and there is no financial benefit, financial burden relationship or related party transactions between the District and COJVS.

The Central Ohio Special Education Resource Center (COSERC) is a jointly governed organization of the District. The District's Board of Education appoints one member of the seventy member Governing Board of COSERC. However, the financial statements of COSERC are not included within the District's reporting entity as the District cannot impose its will and there is no financial benefit, financial burden relationship or related party transactions between the District and COSERC.

The Rockbridge Academy is a joint venture of the District. This organization is presented in Note 20 to the basic financial statements.

The District's reporting entity includes the following:

St. Brendan's School--Within the District's boundaries, St. Brendan School is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

Sunrise Academy--Within the District's boundaries, Sunrise Academy is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2004

Dublin Prep Academy-- Within the District's boundaries, Dublin Prep Academy is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

The District is associated with a public entity risk pool organization. This organization is the Ohio School Boards Association Workers' Compensation Group Rating Plan and is presented in Note 19 to the basic financial statements.

2. Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

(a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from legally separate *component units* for which the primary government is financially accountable. The District (primary government) has no business-type activities or component units.

The statement of activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to those who benefit from the goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

(b) Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service principal expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected and certified by the county auditor by the fiscal year-end. Additionally, taxes collected within 60 days after fiscal year-end are recorded as a receivable with an offset to deferred revenue for amounts not collected and available for advance on June 30 by the county auditor. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

The District reports the following *major* governmental funds:

General Fund – The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Fund – The Bond Retirement Fund, a debt service fund, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Building Fund – The Building Fund, a capital projects fund, is used to account for the receipts and expenditures related to the acquisition and construction of capital facilities including real property.

The District's *non-major* governmental funds include the following fund types:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

Capital Project Funds – The non-major capital projects funds are used to account for financial resources to be used for the permanent improvements and receipt and expenditures of SchoolNet monies.

Additionally, the District reports the following fund type:

Fiduciary Funds – Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. This includes Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to those who benefit from the goods, services, or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(c) *Cash and Investments*

Monies received by the District are pooled in a central bank account with individual fund balance integrity retained throughout. In 1998, the District adopted GASB Statement No. 31 (GASB 31), *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records its investments at fair value. Repurchase agreements are valued at cost.

(d) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as reservations of fund balance, since they do not constitute expenditures or liabilities. The District had no outstanding encumbrances at year end.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

(e) *Inventory*

Inventory is valued at cost (first-in, first-out). The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed.

(f) *Prepaid Assets*

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

(g) *Capital Assets and Depreciation*

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,500 and a useful life of less than one year. The District does not possess any infrastructure.

All reported capital assets, with the exception of land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	20
Buildings & Improvements	20-50
Furniture and Equipment	5-20
Vehicles	8

(h) *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.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets.

(i) *Compensated Absence*

The District has implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

Administrators and classified staff who work twelve month contracts are granted vacation leave. The leave amount is based on length of service and position. The District accrues vacation leave benefits as earned. Accrued vacation may be carried forward for the next fiscal year. Twelve month staff with the consent of the superintendent may carry over from one employment year to the next, an amount of vacation equal to 10 days. The maximum that classified staff may carry over is the amount of vacation leave earned, but not used, during the preceding two full years of continued employment by the District. District employees earn sick leave at fifteen days per year, which, if not taken, accumulates on an unlimited basis until retirement. Upon retirement, an employee is paid one-fourth of the accumulated sick leave up to a maximum of 60 days for certificated staff and 63 and $\frac{3}{4}$ days for classified staff.

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

(j) Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the entity-wide financial statements. For governmental fund financial statements, these accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term liabilities paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(k) Fund Balance Reserves / Restrictions

The District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation for expenditures. Fund equity reserves have been established for prepaid assets, property tax revenue reserved by the Board for future year's appropriations and reserves for budget stabilization, as required by state statute (see Note 15).

The District complies with all restrictions governing the use of restricted assets. Such restrictions do not offer discretion regarding use of these resources in an unrestricted manner. When capital restricted funds, usually bond proceeds, are available, capital assets are acquired from such resources. Capital assets can be, however, and to a lesser amount are, acquired from unrestricted resources.

(l) Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

3. Cash and Investments

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

Cash:

In 1998, the District adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, and records all its investments at fair value, except repurchase agreements, which are reported at cost.

The investment and deposit of the District's monies is governed by the provisions of the ORC. In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAROhio. Earnings on investments are credited to the General Fund except earnings specifically related to the Capital Projects Fund, and certain Special Revenue Funds, which is in compliance with ORC Section 3315.01. In fiscal 2004 investment income of \$279,764 was recorded in the General Fund.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During 2004, the District and public depositories complied with the provisions of these statutes.

Deposits:

At year-end, the District carried account balances at three banks. The carrying amount of all District deposits was \$9,596,518, exclusive of \$6,050 in cash on hand. The combined bank balance was \$10,505,741 of which \$300,000 was covered by the FDIC insurance and \$10,205,741 was uncollateralized as defined by the GASB. These uncollateralized deposits are covered by a pledged collateral pool as discussed above.

The District has segregated bank accounts for monies held separate from the District's central bank account. These interest bearing depository accounts are presented on the Statement of Net Assets as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the District treasury. On June 30, 2004 the District had \$49,915 in cash and cash equivalents in segregated accounts.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

Investments:

The District's investments are categorized to give an indication of the level of risk assumed by the District at June 30, 2004. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in the District's name. The investment with STAROhio is not required to be categorized due to its nature.

	Category			Carrying Value
	1	2	3	
U.S. Treasury and agency obligations	\$ -	\$ 7,819,406	\$ -	\$ 7,819,406
Repurchase agreement	-	-	10,034,000	10,034,000
STAR Ohio	-	-	-	1,446,682
Total investments	<u>\$ -</u>	<u>\$ 7,819,406</u>	<u>\$ 10,034,000</u>	<u>\$ 19,300,088</u>

4. Receivables

Receivables at June 30, 2004, consist of the following:

	<u>Taxes</u>	<u>Other</u>	<u>Totals</u>
Governmental activities:			
General	\$ 79,971,467	\$ 64,102	\$ 80,035,569
Bond retirement fund	<u>12,616,659</u>	<u>-</u>	<u>12,616,659</u>
Total	<u>\$ 92,588,126</u>	<u>\$ 64,102</u>	<u>\$ 92,652,228</u>

5. Due from Other Governments

Due from Other Governments at June 30, 2004, consist of the following:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Totals</u>
Governmental activities:				
General	\$ 158,168	\$ -	\$ -	\$ 158,168
Other governmental funds	<u>554,225</u>	<u>39,325</u>	<u>-</u>	<u>593,550</u>
Total	<u>\$ 712,393</u>	<u>\$ 39,325</u>	<u>\$ -</u>	<u>\$ 751,718</u>

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

6. Interfund Receivables and Payables

Interfund balances at June 30, 2004, consist of the following:

	<u>Receivable</u>	<u>Payable</u>	
Governmental activities:			
General	\$ 63,982	-	
Other governmental funds	-	52,069	
Fiduciary activities:			
Agency Fund	-	11,913	
Total	<u>\$ 63,982</u>	<u>\$ 63,982</u>	

7. Interfund Transfers

Interfund transfer balances at June 30, 2004, consist of the following:

	<u>Transfer - Out</u>	<u>Transfer - In</u>	
Governmental activities:			
General	\$ 1,207,780	-	
Other governmental funds	-	1,207,780	
Total	<u>\$ 1,207,780</u>	<u>\$ 1,207,780</u>	

The purpose of these transfers was to provide financial support for the Win-Win agreement with Columbus City Schools and to provide additional financial support for the food service program.

8. Property, Plant and Equipment

A summary of changes in general fixed assets for the year ended June 30, 2004, follows:

	<u>Balance</u>		<u>Balance</u>		<u>Balance</u>
	<u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2004</u>
<i>Governmental Activities</i>					
Capital Assets, not being Depreciated:					
Land	\$ 9,647,661	\$ 6,367,791	\$ -	\$ -	\$ 16,015,452
Construction in progress	1,896,949	-	-	(1,896,949)	-
Total Capital Assets, not Being Depreciated	<u>11,544,610</u>	<u>6,367,791</u>	<u>-</u>	<u>(1,896,949)</u>	<u>16,015,452</u>
Capital Assets, being Depreciated:					
Land improvements	13,726,487	22,334	-	-	13,748,821
Building and improvements	143,225,845	-	-	1,896,949	145,122,794
Furniture, fixtures and equipment	20,964,104	1,218,995	171,336	-	22,011,763
Buses, autos and trucks	8,814,991	-	-	-	8,814,991
Total Capital Assets, Being Depreciated	<u>186,731,427</u>	<u>1,241,329</u>	<u>171,336</u>	<u>1,896,949</u>	<u>189,698,369</u>
Less Accumulated Depreciation:					
Land improvements	5,446,505	645,187	-	-	6,091,692
Building and improvements	37,224,169	3,986,523	-	-	41,210,692
Furniture, fixtures and equipment	11,303,457	2,885,023	99,968	-	14,088,512
Buses, autos and trucks	4,429,116	778,105	-	-	5,207,221
Total accumulated depreciation	<u>58,403,247</u>	<u>8,294,838</u>	<u>99,968</u>	<u>-</u>	<u>66,598,117</u>
Capital assets, net	<u>\$ 139,872,790</u>	<u>\$ (685,718)</u>	<u>\$ 71,368</u>	<u>\$ -</u>	<u>\$ 139,115,704</u>

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 6,023,104
Special	111,921
Support services:	
Operation and maintenance of plant	106,427
Business	5,799
Pupils	29,491
Instructional staff	640,217
Student transportation	772,266
Central services	309
General administration	234,250
Fiscal Services	55
Food services	89,522
Extracurricular student activities	277,024
Community services	4,440
Other Facilities Acquisition & Construction	13
 Total Depreciation	 <u><u>\$ 8,294,838</u></u>

9. Long-Term Obligations

A summary for changes in long-term obligations for the year ended June 30, 2004, follows:

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
Accrued liabilities:				
Severance	\$ 8,157,812	689,931	-	8,847,743
Capital lease obligation	430,224	-	113,174	317,050
General obligation bonds payable	<u>137,317,938</u>	<u>4,600,260</u>	<u>9,134,999</u>	<u>132,783,199</u>
	<u>\$ 145,905,974</u>	<u>5,290,191</u>	<u>9,248,173</u>	<u>141,947,992</u>

Amounts Due In One Year

Severance	\$ 776,950
Capital lease obligation	123,666
General obligation bonds payable	7,520,142
	<u><u>\$ 8,420,758</u></u>

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

General obligation bonds are direct obligations and pledges of the full faith and credit of the District. These bonds generally are issued as serial bonds, except for refunding issues. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accretion in 2004</u>	<u>Total Bonds Outstanding</u>
School Improvement (1)	09/01/81	12/01/04	12.2500%	\$ 0	\$ 130,000
Refunding Issue (2)	03/01/92	12/01/05	6.0352	0	2,890,000
Refunding Issue (3)	12/01/97	12/01/13	4.7568	109,142	9,209,069
Refunding Issue (4)	05/10/93	12/01/12	5.1874	121,992	1,388,119
Refunding Issue (9)	06/01/04	12/01/12	5.3509	0	2,764,999
Refunding Issue (5)	06/15/01	12/01/19	4.7807	540,781	29,713,046
School Improvement (6)	02/01/96	12/01/20	5.4360	120,139	24,746,529
School Improvement (7)	03/01/00	12/01/28	6.6890	925,549	57,182,987
School Improvement (8)	06/15/01	12/01/28	4.6548	<u>17,658</u>	<u>4,758,450</u>
Total				<u>\$1,835,261</u>	<u>\$132,783,199</u>

(1) Included the acquisition of real estate for school purposes, additions to two elementary schools, reconstructing and renovating existing school buildings, and provided furnishings and equipment for the new additions and existing school buildings.

(2) Included construction of new high school, and additions and renovations to the middle school, commons building and eight elementary schools. Also provided furnishings and equipment for the new high school, new additions, and existing school buildings.

(3) Included construction of two new elementary schools and one additional middle school. Additions and renovations to one elementary school. Provided for furnishings and equipment for new buildings, new additions and existing school buildings.

(4) Included construction of new sixth grade school building, administration building and additions to three elementary buildings. Provide for furnishings and equipment for new buildings, new additions and existing school buildings.

(5) Included construction of a new middle school, a new elementary school and additions to the existing elementary schools, middle school and bus garage. Initial construction and site work for a new high school and district wide technology improvements. Also provided furnishings and equipment for new buildings, new additions and existing school buildings.

(6) Included construction of second high school, athletic facility and an elementary school. Also provided for various permanent improvements to be made at existing facilities.

(7) Included construction of two new elementary schools and renovation of a sixth grade school. Also provided for various permanent improvements to be made at existing facilities and land acquisition.

(8) Included construction of two new elementary schools and renovation of a sixth grade school. Also provided for various permanent improvements to be made at existing facilities and land acquisition.

(9) Issued to refund the serial bond portion of issue (4).

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

In 2001 the District used \$1,000,000 and \$31,444,656 (5) of School Building Construction and Improvement Refunding Bonds, Series 2001B, which were issued to advance refund the outstanding \$31,444,973 1995 School Building Construction and Improvement Bonds on June 15, 2002, resulting in an economic gain of \$2,153,052. The District defeased these general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This advance refunding represents both legal and in-substance defeasance and was accounted for in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2004 \$27,454,973 of bonds are considered defeased.

In 2004 the District used \$2,764,999 (9) of School Building Construction and Improvement Refunding Bonds, Series 2004, which were issued to current refund the outstanding \$2,765,000 principal amount of the 1993 School Building Construction and Improvement Refunding Bonds on June 1, 2004, resulting in an economic gain of \$ 315,976.

In the opinion of management, the District has complied with all bond covenants.

The annual maturities of the general obligation bonds as of June 30, 2004, and related interest payments are as follows:

<u>Year ending June 30,</u>	<u>Interest rate (%)</u>	<u>Principal</u>	<u>Interest</u>
2005	4.6548-6.689	7,520,142	5,857,534
2006	4.6548-6.689	8,358,585	5,446,073
2007	4.6548-6.689	7,770,887	5,035,876
2008	4.6548-6.689	9,125,000	4,220,504
2009	4.6548-6.689	9,432,127	3,831,301
2010 - 2014	4.6548-6.689	27,213,929	38,978,699
2015 - 2019	4.6548-6.689	23,180,955	29,422,770
2020 - 2024	4.6548-6.689	18,188,874	9,464,538
2025 - 2029	4.6548-6.689	14,865,000	2,057,844
 Total		<u>\$ 125,655,499</u>	<u>\$ 104,315,139</u>

The District issued general obligation bonds for the construction and improvement of District buildings. These bonds include current interest serial bonds, capital appreciation bonds, and current interest term bonds. For fiscal year 2004, the capital appreciation bonds accreted \$1,835,261.

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. The District had no unvoted debt at June 30, 2004. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2004 the District's net debt was approximately 5.52% of the total assessed value of all property within the District.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

10. Refunding Bonds Payable

A summary of short-term debt activity for the fiscal year ended June 30, 2004 follows:

Issue	Interest Rate	Issue Date	Maturity Date	Original Amount	Outstanding 6/30/2004
Refunding	5.35%	6/1/04	7/12/04	\$2,764,999	\$2,764,999

The District refunded the serial bond portion of the 1993 Refunding issue for facilities acquisition and construction. The closing of the refunding bonds occurred prior to June 30, 2004; however the old bonds were not retired until July.

11. Capital Lease Obligation

The Hilliard City School District entered into capital leases for copiers. These leases met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Fixed assets consisting of copiers that have been capitalized in the Governmental Activities Statement of Net Assets in the amount of \$596,068. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the Statement of Net Assets. Principal payments in fiscal year 2004 totaled \$113,178.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Capital Lease</u> <u>Obligations</u>
2005	\$ 149,089
2006	149,089
2007	55,547
2008	<u>5,590</u>
Total minimum lease payments	\$ 359,315
Less: amount representing interest	<u>(42,265)</u>
Present value of minimum lease payments	<u>\$ 317,050</u>

The principal portion of the capital lease obligation due during fiscal year 2005, \$123,666 has been reported on the Statement of Net Assets as a long-term liability due in one year. The remaining capital lease obligation principal amount of \$193,384 has been reported as a long-term liability due in more than one year.

12. Defined Benefit Pension Plans

State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$8,859,774, \$11,085,796, and \$9,900,757, respectively; 85.08 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$1,322,319 representing the unpaid contribution for fiscal year 2004 is recorded as a liability within the respective funds.

School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$2,392,734, \$2,319,419, and \$1,945,789, respectively; 96.14 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. \$92,377 representing

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

unpaid the contribution for fiscal year 2004 is recorded as a liability within the respective funds.

13. Postemployment Benefits Other Than Pension Benefits

The Hilliard City School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$632,841 during the 2004 fiscal year.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits during the 2004 fiscal year equaled \$1,101,166.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

14. Property Taxes

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the school district. Due and collection dates, as established by Franklin County, were January 20, 2004 and June 20, 2004, for those taxes due during 2004.

Real property and tangible personal property taxes collected during 2004 had a lien and levy date of January 1, 2003 and December 31, 2003 respectively.

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility and at 25% for Tangible Personal. A reappraisal of all property is required to be completed no less than every six years. A revaluation of all property is required to be completed no less than every six years. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). The assessed values for collection in 2004, upon which the 2003 levies were based, were as follows:

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

Real estate	\$1,794,956,850
Public utility	58,958,850
Tangible personal	<u>257,185,467</u>
Total	<u>\$2,111,101,167</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .445% (4.45 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to 64.44 mills in 2004.

The Franklin County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Hilliard City School District. The Franklin County Auditor periodically remits to the District its portion of the taxes collected. Property taxes may be paid on either an annual or semiannual basis.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

15. Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. State law has set the amount for the set-aside at the number of students times 3% of the average cost per pupil. The District was also required to set aside money for budget stabilization. The requirement for this set aside changed as a result of the passage of Senate Bill 345.

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

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve
Set-aside balance, July 1, 2003	\$ -	\$ -	\$ 1,826,987
Current year set-aside requirement	1,940,622	1,940,622	-
Qualifying expenditures	(2,361,214)	(9,441,575)	-
Total	<u>(420,592)</u>	<u>(7,500,953)</u>	<u>1,826,987</u>
Set-aside balance, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,826,987</u>

Amounts listed as qualifying disbursements in this table are the total amounts for the year. As the District set-aside had an excess of qualifying disbursements, the set-aside cash balance carried forward is \$0 for textbooks and capital acquisition.

16. State School Funding Decision

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

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

As of the date of these financial statements, the District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

17. Contingent Liabilities

The Hilliard City School District is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of the District's Management, have a material adverse effect on the financial condition of the District.

18. Federal and State Grants

The Federal and State Grants remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's administration believes such disallowances, if any, would be immaterial.

19. Risk Management

The District carries all-risk property insurance on buildings and contents, fleet insurance on all rolling stock, liability and excess liability insurance coverage as well as officers' liability insurance, employee benefits liability, and workers' compensation intentional acts defense coverage. All employees are bonded, and medical coverage for employees is provided through a conventional healthcare plan, as well as a health maintenance organization plan offered by the District.

There have been no changes in the aforementioned insurance coverage. Additionally, there were no settlements in excess of insurance coverage over the past three fiscal years.

The District also participated in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code, for the first half of the fiscal year. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Beginning January 1, 2004, the District enrolled in the retrospective rating plan for worker's compensation. In this plan, the individual premium rate is calculated based on the worker's compensation experience of the District.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

20. Joint Venture

The Rockbridge Academy (Academy) is a joint venture consisting of a consortium of five school districts. The joint venture was formed for the purpose of providing alternative education services to at risk students. The initial capital of the Academy was raised through the receipt of a State Grant in the amount of \$375,000. Each of the schools supports the Academy based upon a per pupil charge dependent upon the services utilized.

The Governing Board of the Academy consists of five members appointed by each member school. The District does not have an equity interest that is explicit and measurable in the joint venture, however, the District does have an ongoing financial obligation to support the Academy in meeting its financial obligations.

The Academy is dependent upon continued support of the member schools, as it is not independently accumulating adequate financial resources. Further detailed financial information may be obtained by contacting the Upper Arlington City School District at (614) 487-5007.

21. Restatement

The District previously did not report the accreted value of its capital appreciation bonds. Accordingly, the beginning net assets of the governmental activities in the government-wide financial statements were misstated. There is no effect to the government fund statements. The correction resulted in the following change to the beginning net assets of the governmental activities.

Governmental Activities Net Assets, July 1, 2003	\$ 40,781,271
Accounting Change	<u>(5,292,438)</u>
Governmental Activities Net Assets, July 1, 2003 (Restated)	<u>\$ 35,488,833</u>

The accounting change had the following effect on the Change in Net Assets as previously reported for the fiscal year ended June 30, 2003.

Governmental Activities Change in Net Assets as Previously Reported	\$ 11,765,693
Accounting Change	<u>(1,642,636)</u>
Governmental Activities Restated Amount for the Year Ended June 30, 2003	<u>\$ 10,123,057</u>

22. Fund Deficits/Accountability

The following funds had fund deficit fund balances as of June 30, 2004:

	<u>Deficit Fund Balance</u>
Special Revenue Funds:	
Title II-A	\$ (503)
Title III	(9)
Title V	(74)
Preschool Grant	(77)
Smaller Learning Communities	(11,422)

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2004

The deficit fund balances are the result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit fund balances; however, this is done when cash is needed rather than when accruals occur.

Expenditures exceeded appropriations in the following funds: Bond Retirement; Food Service; Latchkey; Special Local; Career Development; EMIS; OECN; School Improvement; Reading Intervention; Other State Grants; Part B, IDEA; Title III; Title I; Title V; Drug-Free Grant; Preschool Grant; Title II-A; Smaller Learning Communities; Title II-D; Auxiliary Service – St. Brendan; Auxiliary Service – Sunrise Academy; Auxiliary Service – Dublin Prep Academy.

REQUIRED SUPPLEMENTARY INFORMATION

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**Hilliard City School District
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2004**

	Budgeted Amounts			Variance with Final Budget - Positive/ (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	63,495,218	62,589,697	62,739,257	149,560
Intergovernmental:				
Federal-				
Unrestricted grants-in-aid	200,000	200,000	182,315	(17,685)
Restricted grants-in-aid	-	-	600	600
State-				
Unrestricted grants-in-aid	41,553,000	41,553,000	41,946,482	393,482
Restricted grants-in-aid	-	-	200,428	200,428
Investment income	1,000,000	1,000,000	455,315	(544,685)
Tuition fees	175,000	175,000	171,658	(3,342)
Classroom materials & fees	736,550	736,550	706,768	(29,782)
Miscellaneous	185,000	185,000	187,323	2,323
Total revenues	107,344,768	106,439,247	106,590,146	150,899
EXPENDITURES:				
Instructional services:				
Regular	60,757,200	60,757,200	57,073,530	3,683,670
Special	11,793,900	11,793,900	10,820,451	973,449
Vocational	821,300	821,300	833,153	(11,853)
Total instructional services	73,372,400	73,372,400	68,727,134	4,645,266
Support services:				
Operation and maintenance of plant	11,532,100	11,532,100	9,612,322	1,919,778
Board of Education	553,000	553,000	357,987	195,013
Business	592,700	592,700	654,147	(61,447)
Pupils	7,317,090	7,317,090	7,505,386	(188,296)
Fiscal services	2,517,400	2,517,400	2,039,356	478,044
Instructional staff	9,603,600	9,603,600	8,219,820	1,383,780
Student transportation	7,011,900	7,011,900	4,457,514	2,554,386
Central services	395,100	395,100	311,875	83,225
General administration	8,048,700	8,048,700	8,134,971	(86,271)
Total support services	47,571,590	47,571,590	41,293,378	6,278,212
Food Service Operations	68,000	68,000	6,946	61,054
Extracurricular student activities	1,935,800	1,935,800	2,099,242	(163,442)
Community services	-	-	-	-
Facility acquisition and improvement	35,000	35,000	33,963	1,037
Total expenditures	122,982,790	122,982,790	112,160,663	10,822,127
Excess (deficiency) of revenues over expenditures	(15,638,022)	(16,543,543)	(5,570,517)	10,973,026
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	38,000	38,000	-	(38,000)
Refund of prior year expenditure	-	-	133,694	133,694
Transfers out	(1,000,000)	(1,000,000)	(1,207,780)	(207,780)
Advances - net	175,000	175,000	111,925	63,075
Total other financing sources (uses)	(787,000)	(787,000)	(962,161)	(49,011)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(16,425,022)	(17,330,543)	(6,532,678)	10,797,865
Fund balances at beginning of year	14,036,152	14,036,152	14,036,152	-
Fund balances (deficit) at end of year	(2,388,870)	(3,294,391)	7,503,474	10,797,865

See accompanying footnotes to the required supplementary information.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2004

A. Budgetary Information

All governmental funds are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditures budget data reported in the general purpose financial statements:

- (1) A Tax Budget of estimated cash receipts and disbursements is submitted to the Franklin 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 Hilliard Board of Education holds a budget hearing when it normally adopts the Tax Budget at the first regular meeting in January, following the budget hearing.
- (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 appropriation measure must be passed by October 1 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 Hilliard Board of Education adopted its 2003 permanent appropriation measure at its November regular meeting. The Board of Education adopted at the June 20, 2003 regular meeting a temporary appropriation measure to allow the District to operate until its annual appropriations were adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Revised appropriations are presented during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations at the fund level.

B. Reconciling Budgetary Basis and GAAP

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Budgetary Comparison Schedule—General Fund in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis); and
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis).

HILLIARD CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information, Continued
For the Year Ended June 30, 2004

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

Net change in fund balance	\$ (78,833)
Adjustments	
Due to revenues	(7,495,519)
Due to expenditures	796,055
Due to other financing sources	245,619
Deficiency of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	<u><u>\$ (6,532,678)</u></u>

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SUPPLEMENTAL DATA

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Hilliard City School District

MAJOR GOVERNMENTAL FUNDS (Other than General Fund)

BOND RETIREMENT FUND

The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

BUILDING FUND

The Building Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities and/or the acquisition of land.

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HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

MAJOR GOVERNMENTAL FUNDS

	Final Budget	Actual	Variance with Final Budget positive (negative)
Bond Retirement Fund			
Total Revenues and Other Sources	\$ 12,022,813	15,526,930	3,504,117
Total Expenditures and Other Uses	12,290,000	12,320,789	(30,789)
Net Change in Fund Balance	(267,187)	3,206,141	3,534,906
Fund Balance, July 1	5,953,169	5,953,169	-
Fund Balance, June 30	<u>\$ 5,685,982</u>	<u>9,159,310</u>	<u>3,534,906</u>
Building Fund			
Total Revenues and Other Sources	\$ 30,000	53,174	23,174
Total Expenditures and Other Uses	12,900,000	2,640,148	10,259,852
Net Change in Fund Balance	(12,870,000)	(2,586,974)	(10,236,678)
Fund Balance, July 1	12,889,544	12,889,544	-
Fund Balance, June 30	<u>\$ 19,544</u>	<u>10,302,570</u>	<u>(10,236,678)</u>

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Hilliard City School District

NONMAJOR OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

SPECIAL LOCAL FUND

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

CAREER DEVELOPMENT FUND

A fund provided 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.

STUDENT ACTIVITY FUND

A fund provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

WIN-WIN

A fund provided to account for the monies received and expended to carry out the contractual agreement the District maintains with the Columbus Public Schools in the sharing of revenues resulting from growth in commercial and industrial real property tax valuation in that territory which is, under the agreement, not subject to transfer to Columbus Public Schools.

MARTHA HOLDEN JENNINGS FUND

A fund provided to account for the monies received from this Foundation and expended to help implement innovative education programs.

OTHER LOCAL FUND

A rotary fund provided to account for the purchase and sale of school supplies and other miscellaneous school donations. Profit and moneys derived from such sales or donations are to be used for school purposes or activities in connection with the school.

FOOD SERVICE FUND

A fund used to record financial transactions related to the District's food service operation.

LATCHKEY FUND

A fund used to account for the operation of school-age child care program before and after school on days the Board's schools are in session.

Hilliard City School District

PAMELA CARPENTER MEMORIAL FUND

A fund used to account for donations collected to purchase books available to students in the District.

SCHOOL TESTING

A fund used to account for the fees collected for college aptitude testing and test preparation classes available to students in the District.

4-MAT TRAINING

A fund used to account for fees collected from participants to cover the cost of materials and presenters which support a model that engages students in an experiential cycle of learning.

EDUCATIONAL MANAGEMENT INFORMATION SYSTEM GRANT (EMIS)

A fund provided to account for the monies received and expended for the implementation of EMIS required by Ohio legislation.

OHIO EDUCATION COMPUTER NETWORK (OECN Data Comm.)

A fund to account for the monies received from The State of Ohio with expenditures for installation and support costs for data communication links to connect schools to the Data Acquisition Sites, and to help offset upgrade and support costs necessary to increase data communication links.

SCHOOL IMPROVEMENT AWARD

A fund used to account for revenue from an incentive award, as well as expenditures to be spent on staff development, classroom equipment, materials and /or books. Awarded to Darby Creek Elementary by the State of Ohio based on improved proficiency test results.

STUDENT INTERVENTION

A fund used to account for State grant monies to assist in improving student reading achievement.

OTHER STATE GRANTS

A fund used to account for revenues and expenditures related to grants received by the District for SchoolNet Professional Development, Timeline Mini Mural Grant, Ohio Reads Volunteer Fund, Safe School Help Line, Entry Year Teacher Grant, Student Assistance Program, Promising Practice Grant SIRI Professional Development and Government Highway Safety.

TITLE II-A

A fund to account for grants providing financial assistance to State and Local Educational Agencies to improve teacher quality.

EDUCATION OF HANDICAPPED CHILDREN ACT TITLE VI-B FUND (Part B-IDEA)

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

Hilliard City School District

TITLE III FUND

A fund provided to account for the Foreign Language Grant program, which is funded with U.S. Department of Education grant monies.

TITLE I FUND

To provide financial assistance to State and Local Educational Agencies to meet the special reading needs of educationally deprived children.

TITLE V

To consolidate various programs into a single authorization of grants to States to be used in accordance with the educational needs and priorities of the state and local agencies. The District allocates these funds toward math remediation.

DRUG FREE GRANT

To provide funds to local educational agencies and consortia of these agencies to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

EHA PRESCHOOL GRANTS FOR THE HANDICAPPED (Preschool Grant)

The Preschool Grant Program, Section 69 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

SMALLER LEARNING COMMUNITIES

To account for a grant from the United States Department of Education to assist large high schools in creating smaller, more personalized learning communities.

OTHER FEDERAL GRANTS

A fund used to currently account for revenues and expenditures related to grants received for Heritage Middle School Family & School Partnership.

AUXILIARY SERVICES - ST. BRENDANS

A special revenue fund used to account for monies which provide services and materials to pupils attending the non-public school, St. Brendan's, located within the School District

AUXILIARY SERVICES - SUNRISE ACADEMY

A special revenue fund used to account for monies which provide services and materials to pupils attending the non-public school, Sunrise Academy, located within the School District.

AUXILIARY SERVICES – DUBLIN PREP ACADEMY

A special revenue fund used to account for monies which provide services and materials to pupils attending the non-public school, Dublin Prep Academy, located within the School District.

AUXILIARY SERVICES - OTHER

A special revenue fund used to account for monies which provide services and materials to pupils attending other non-public schools located within the School District.

Hilliard City School District

Capital Projects Funds

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

PERMANENT IMPROVEMENT FUND

A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Section 5705, Ohio Revised Code.

SCHOOLNET FUND

A fund to record revenues and expenditures related to monies provided by the State of Ohio for the acquisition of computer equipment and electrical wiring.

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Hilliard City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	SPECIAL REVENUE FUNDS							
	Special Local	Career Development	Student Activity	Win Win	M.H. Jennings	Other Local	Food Services	Latchkey
Assets:								
Cash and investments	\$ 185,685	\$ 793	\$ 170,189	\$ -	\$ 1,700	\$ 9,425	\$ -	\$ 376,210
Due from Other:								
Governments	-	-	-	-	-	-	142,923	-
Funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	27,338	-
Total assets	<u>185,685</u>	<u>793</u>	<u>170,189</u>	<u>-</u>	<u>1,700</u>	<u>9,425</u>	<u>170,261</u>	<u>376,210</u>
Liabilities:								
Accounts Payable	1,211	740	4,568	-	-	331	-	879
Accrued wages and benefits	-	-	-	-	-	-	-	15,225
Due to Other:								
Funds	-	-	1,208	-	-	-	-	-
Governments	-	-	-	-	-	-	-	1,628
Total Liabilities	<u>1,211</u>	<u>740</u>	<u>5,776</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>-</u>	<u>17,732</u>
Fund Balances								
Unreserved, Undesignated	<u>184,474</u>	<u>53</u>	<u>164,413</u>	<u>-</u>	<u>1,700</u>	<u>9,094</u>	<u>170,261</u>	<u>358,478</u>
Total fund balances	<u>184,474</u>	<u>53</u>	<u>164,413</u>	<u>-</u>	<u>1,700</u>	<u>9,094</u>	<u>170,261</u>	<u>358,478</u>
Total liabilities and fund balances	<u>\$ 185,685</u>	<u>\$ 793</u>	<u>\$ 170,189</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 9,425</u>	<u>\$ 170,261</u>	<u>\$ 376,210</u>

Hilliard City School District

SPECIAL REVENUE FUNDS

<u>Pamela Carpenter Memorial</u>	<u>School Testing</u>	<u>4-Mat Training</u>	<u>EMIS</u>	<u>OECN Data Comm.</u>	<u>School Improvement</u>	<u>Student Intervention</u>	<u>Other State</u>
\$ 531	\$ 163,282	\$ 454	\$ 50,592	\$ -	\$ 14,048	\$ 5,615	\$ 38,590
-	-	-	-	-	-	39,325	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>531</u>	<u>163,282</u>	<u>454</u>	<u>50,592</u>	<u>-</u>	<u>14,048</u>	<u>44,940</u>	<u>38,590</u>
-	396	-	-	-	-	-	884
-	78	-	-	-	-	39,168	451
-	-	-	-	-	-	-	1,633
-	-	-	-	-	-	5,242	-
<u>-</u>	<u>474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,410</u>	<u>2,968</u>
<u>531</u>	<u>162,808</u>	<u>454</u>	<u>50,592</u>	<u>-</u>	<u>14,048</u>	<u>530</u>	<u>35,622</u>
<u>531</u>	<u>162,808</u>	<u>454</u>	<u>50,592</u>	<u>-</u>	<u>14,048</u>	<u>530</u>	<u>35,622</u>
<u>\$ 531</u>	<u>\$ 163,282</u>	<u>\$ 454</u>	<u>\$ 50,592</u>	<u>\$ -</u>	<u>\$ 14,048</u>	<u>\$ 44,940</u>	<u>\$ 38,590</u>

continued

Hilliard City School District
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
June 30, 2004

SPECIAL REVENUE FUNDS

	Title II-A	Part B, IDEA	Title III	Title I	Title V	Drug-Free Grant	Preschool Grant	Sm. Learning Communities
Assets:								
Cash and investments	\$ -	\$ 26,119	\$ -	\$ -	\$ 11,046	\$ 3,712	\$ 427	\$ -
Due From Other:								
Governments	51,253	230,789	45,773	67,163	1,375	5,385	4,419	-
Funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>51,253</u>	<u>256,908</u>	<u>45,773</u>	<u>67,163</u>	<u>12,421</u>	<u>9,097</u>	<u>4,846</u>	<u>-</u>
Liabilities:								
Accounts Payable	145	-	-	854	-	453	-	3,473
Accrued wages and benefits	43,296	225,036	10,261	50,156	11,025	-	4,342	-
Due to Other:								
Funds	2,537	-	34,162	4,580	-	-	-	7,949
Governments	5,778	30,114	1,359	6,705	1,470	-	581	-
Total Liabilities	<u>51,756</u>	<u>255,150</u>	<u>45,782</u>	<u>62,295</u>	<u>12,495</u>	<u>453</u>	<u>4,923</u>	<u>11,422</u>
Fund Balances								
Unreserved, Undesignated	(503)	1,758	(9)	4,868	(74)	8,644	(77)	(11,422)
Total fund balances	<u>(503)</u>	<u>1,758</u>	<u>(9)</u>	<u>4,868</u>	<u>(74)</u>	<u>8,644</u>	<u>(77)</u>	<u>(11,422)</u>
Total liabilities and fund balances	<u>\$ 51,253</u>	<u>\$ 256,908</u>	<u>\$ 45,773</u>	<u>\$ 67,163</u>	<u>\$ 12,421</u>	<u>\$ 9,097</u>	<u>\$ 4,846</u>	<u>\$ -</u>

Hilliard City School District

SPECIAL REVENUE FUNDS					Total Special Revenue Funds	CAPITAL PROJECTS FUNDS		Total Other Capital Projects Funds	Total
Other Federal	Auxiliary - St. Brendan	Auxiliary - Sunrise Acad.	Auxiliary - Dublin Prep.	Auxiliary - Other		Perm. Improvement	SchoolNet		
\$ 4,997	\$ 25,994	\$ 46,307	\$ 13,115	\$ 130,549	\$ 1,279,380	\$ 296,147	\$ 91,792	\$ 387,939	\$ 1,667,319
5,145	-	-	-	-	593,550	-	-	-	593,550
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	27,338	-	-	-	27,338
<u>10,142</u>	<u>25,994</u>	<u>46,307</u>	<u>13,115</u>	<u>130,549</u>	<u>1,900,268</u>	<u>296,147</u>	<u>91,792</u>	<u>387,939</u>	<u>2,288,207</u>
-	-	161	-	-	14,095	-	-	-	14,095
-	12,757	-	-	-	411,795	-	-	-	411,795
-	-	-	-	-	52,069	-	-	-	52,069
-	1,684	-	-	130,549	185,110	-	-	-	185,110
-	<u>14,441</u>	<u>161</u>	<u>-</u>	<u>130,549</u>	<u>663,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663,069</u>
10,142	11,553	46,146	13,115	-	1,237,199	296,147	91,792	387,939	1,625,138
<u>10,142</u>	<u>11,553</u>	<u>46,146</u>	<u>13,115</u>	<u>-</u>	<u>1,237,199</u>	<u>296,147</u>	<u>91,792</u>	<u>387,939</u>	<u>1,625,138</u>
\$ 10,142	\$ 25,994	\$ 46,307	\$ 13,115	\$ 130,549	\$ 1,900,268	\$ 296,147	\$ 91,792	\$ 387,939	\$ 2,288,207

Hilliard City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	SPECIAL REVENUE FUNDS						
	Special <u>Local</u>	Career <u>Development</u>	Student <u>Activity</u>	Win <u>Win</u>	M.H. <u>Jennings</u>	Other <u>Local</u>	Food <u>Services</u>
Revenues:							
From local sources							
Tuition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local	154,996	-	-	-	-	-	-
Intergovernmental - State	-	7,000	-	-	-	-	19,140
Intergovernmental - Federal	-	-	-	-	-	-	646,859
Investment Income	-	-	-	-	-	-	153
Other revenue	-	-	-	-	-	5,415	-
Extracurricular Activities	-	-	494,569	-	-	-	-
Food Services	-	-	-	-	-	-	2,625,788
Total Revenues	<u>154,996</u>	<u>7,000</u>	<u>494,569</u>	<u>-</u>	<u>-</u>	<u>5,415</u>	<u>3,291,940</u>
Expenditures:							
Current:							
Instruction							
Regular	21,882	-	-	-	-	-	-
Special	9,589	-	-	-	-	-	-
Support Services							
Pupils	-	8,741	-	-	-	-	-
Instructional Staff	-	-	-	-	-	-	-
Board of Education	-	-	-	-	-	-	-
General Administration	181,829	-	-	-	-	-	-
Fiscal Services	-	-	-	900,000	-	-	-
Operation & Maintenance of Plant	286	-	-	-	-	-	-
Central	-	-	-	-	-	-	-
Community Services							
Enterprise Operations	4,891	-	-	-	-	1,331	-
Extra Curricular Activities	16,092	-	458,324	-	-	21,075	-
Food Service Operations	-	-	-	-	-	-	3,217,236
Miscellaneous	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>234,569</u>	<u>8,741</u>	<u>458,324</u>	<u>900,000</u>	<u>-</u>	<u>22,406</u>	<u>3,217,236</u>
Excess (deficiency) of revenue over expenditures	(79,573)	(1,741)	36,245	(900,000)	-	(16,991)	74,704
Other Financing Sources (Uses)							
Transfers in	-	-	-	900,000	-	-	306,295
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>306,295</u>
Net Change in Fund Balance	<u>(79,573)</u>	<u>(1,741)</u>	<u>36,245</u>	<u>-</u>	<u>-</u>	<u>(16,991)</u>	<u>380,999</u>
Fund balance, July 1	264,047	1,794	128,168	-	1,700	26,085	(210,738)
Fund balance, June 30	<u>\$ 184,474</u>	<u>\$ 53</u>	<u>\$ 164,413</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 9,094</u>	<u>\$ 170,261</u>

SPECIAL REVENUE FUNDS

<u>Latchkey</u>	<u>Pamela Carpenter Memorial</u>	<u>School Testing</u>	<u>4-Mat Training</u>	<u>EMIS</u>	<u>OECN Data Comm.</u>	<u>School Improvement</u>	<u>Student Intervention</u>	<u>Other State</u>
\$ 1,285,973	\$ -	\$ 303,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	51,425	60,000	-	260,358	96,818
-	-	-	-	-	-	-	-	-
-	1,285	3,600	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,285,973</u>	<u>1,285</u>	<u>307,309</u>	<u>-</u>	<u>51,425</u>	<u>60,000</u>	<u>-</u>	<u>260,358</u>	<u>96,818</u>
-	-	284,782	-	-	-	3,649	-	49,262
-	-	-	-	-	-	-	259,828	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	30,046
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	833	60,000	-	-	-
969,294	754	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,511
-	-	-	-	-	-	-	-	-
<u>969,294</u>	<u>754</u>	<u>284,782</u>	<u>-</u>	<u>833</u>	<u>60,000</u>	<u>3,649</u>	<u>259,828</u>	<u>80,819</u>
316,679	531	22,527	-	50,592	-	(3,649)	530	15,999
-	-	1,485	-	-	-	-	-	-
-	-	1,485	-	-	-	-	-	-
316,679	531	24,012	-	50,592	-	(3,649)	530	15,999
41,799	-	138,796	454	-	-	17,697	-	19,623
<u>\$ 358,478</u>	<u>\$ 531</u>	<u>\$ 162,808</u>	<u>\$ 454</u>	<u>\$ 50,592</u>	<u>\$ -</u>	<u>\$ 14,048</u>	<u>\$ 530</u>	<u>\$ 35,622</u>

continued

Hilliard City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2004

	SPECIAL REVENUE FUNDS							
	Title II-A	Part B, IDEA	Title III	Title I	Title V	Drug-Free Grant	Preschool Grant	
Revenues:								
From local sources								
Tuition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local	-	-	-	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-	-	-	-
Intergovernmental - Federal	445,499	1,664,740	119,427	393,626	90,013	61,246	34,061	75,616
Investment Income	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Extracurricular Activities	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-
Total Revenues	<u>445,499</u>	<u>1,664,740</u>	<u>119,427</u>	<u>393,626</u>	<u>90,013</u>	<u>61,246</u>	<u>34,061</u>	<u>75,616</u>
Expenditures:								
Current:								
Instruction								
Regular	13,717	-	-	-	-	-	-	87,038
Special	292,317	1,473,907	83,464	355,840	76,172	451	29,673	-
Support Services								
Pupils	-	-	-	-	-	39,211	-	-
Instructional Staff	24,158	-	-	-	-	-	-	-
Board of Education	-	-	-	-	-	-	-	-
General Administration	-	-	-	-	-	-	-	-
Fiscal Services	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-	-	-	-
Central	-	-	-	-	-	-	-	-
Community Services	145	26,628	27,583	4,265	3,257	453	-	-
Enterprise Operations	-	-	-	-	-	-	-	-
Extra Curricular Activities	-	-	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>330,337</u>	<u>1,500,535</u>	<u>111,047</u>	<u>360,105</u>	<u>79,429</u>	<u>40,115</u>	<u>29,673</u>	<u>87,038</u>
Excess (deficiency) of revenue over expenditures	115,162	164,205	8,380	33,521	10,584	21,131	4,388	(11,422)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	115,162	164,205	8,380	33,521	10,584	21,131	4,388	(11,422)
Fund balance, July 1	(115,665)	(162,447)	(8,389)	(28,653)	(10,658)	(12,487)	(4,465)	-
Fund balance, June 30	<u>\$ (503)</u>	<u>\$ 1,758</u>	<u>\$ (9)</u>	<u>\$ 4,868</u>	<u>\$ (74)</u>	<u>\$ 8,644</u>	<u>\$ (77)</u>	<u>\$ (11,422)</u>

SPECIAL REVENUE FUNDS					Total Special Revenue Funds	CAPITAL PROJECTS FUNDS		Total Other Capital Projects Funds	Total
Other Federal	Auxiliary - St. Brendan	Auxiliary - Sunrise Acad.	Auxiliary - Dublin Prep.	Auxiliary - Other		Perm. Improvement	SchoolNet		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,589,682	\$ -	\$ -	\$ -	\$ 1,589,682
-	-	-	-	-	154,996	-	-	-	154,996
-	244,346	116,108	15,019	130,549	1,000,763	-	-	-	1,000,763
8,518	-	-	-	-	3,539,605	-	-	-	3,539,605
-	1,092	-	-	-	1,245	-	-	-	1,245
-	-	-	-	-	10,300	-	51,825	51,825	62,125
-	-	-	-	-	494,569	-	-	-	494,569
-	-	-	-	-	2,625,788	-	-	-	2,625,788
<u>8,518</u>	<u>245,438</u>	<u>116,108</u>	<u>15,019</u>	<u>130,549</u>	<u>9,416,948</u>	<u>-</u>	<u>51,825</u>	<u>51,825</u>	<u>9,468,773</u>
-	-	-	-	-	460,330	-	-	-	460,330
400	-	-	-	-	2,581,641	-	-	-	2,581,641
-	-	-	-	-	47,952	-	-	-	47,952
-	-	-	-	-	54,204	-	51,268	51,268	105,472
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	181,829	-	-	-	181,829
-	-	-	-	-	900,000	-	-	-	900,000
-	-	-	-	-	286	-	-	-	286
-	-	-	-	-	60,833	-	-	-	60,833
273	297,641	73,224	1,904	130,549	1,537,301	-	-	-	1,537,301
-	-	-	-	-	4,891	-	-	-	4,891
-	-	-	-	-	495,491	-	-	-	495,491
-	-	-	-	-	3,217,236	-	-	-	3,217,236
-	-	-	-	-	1,511	-	-	-	1,511
-	-	-	-	-	-	-	-	-	-
<u>673</u>	<u>297,641</u>	<u>73,224</u>	<u>1,904</u>	<u>130,549</u>	<u>9,543,505</u>	<u>-</u>	<u>51,268</u>	<u>51,268</u>	<u>9,594,773</u>
7,845	(52,203)	42,884	13,115	-	(126,557)	-	557	557	(126,000)
-	-	-	-	-	1,207,780	-	-	-	1,207,780
-	-	-	-	-	1,207,780	-	-	-	1,207,780
7,845	(52,203)	42,884	13,115	-	1,081,223	-	557	557	1,081,780
2,297	63,756	3,262	-	-	155,976	296,147	91,235	387,382	543,358
<u>\$ 10,142</u>	<u>\$ 11,553</u>	<u>\$ 46,146</u>	<u>\$ 13,115</u>	<u>\$ -</u>	<u>\$ 1,237,199</u>	<u>\$ 296,147</u>	<u>\$ 91,792</u>	<u>\$ 387,939</u>	<u>\$ 1,625,138</u>

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
SPECIAL REVENUE FUNDS			
Special Local Fund			
Total Revenues and Other Sources	\$ 210,000	185,160	(24,840)
Total Expenditures and Other Uses	187,800	133,729	54,071
Net Change in Fund Balance	22,200	51,431	29,231
Fund Balance, July 1	207,365	207,365	-
Prior Year Encumbrances Appropriated		-	-
Fund Balance, June 30	\$ 229,565	258,796	29,231
Career Development Fund			
Total Revenues and Other Sources	\$ -	12,078	12,078
Total Expenditures and Other Uses	3,000	8,810	(5,810)
Net Change in Fund Balance	(3,000)	3,268	6,268
Fund Balance, July 1	(2,475)	(2,475)	-
Prior Year Encumbrances Appropriated		-	-
Fund Balance, June 30	\$ (5,475)	793	6,268
Student Activity Fund			
Total Revenues and Other Sources	\$ 480,000	495,928	15,928
Total Expenditures and Other Uses	598,200	444,837	153,363
Net Change in Fund Balance	(118,200)	51,091	169,291
Fund Balance, July 1	119,097	119,097	-
Prior Year Encumbrances Appropriated		-	-
Fund Balance, June 30	\$ 897	170,188	169,291
Win-Win			
Total Revenues and Other Sources	\$ 1,000,000	900,000	(100,000)
Total Expenditures and Other Uses	1,000,000	900,000	100,000
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated		-	-
Fund Balance, June 30	\$ -	-	-
Martha Holden Jennings Fund			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	1,700	-	1,700
Net Change in Fund Balance	(1,700)	-	1,700
Fund Balance, July 1	1,700	1,700	-
Prior Year Encumbrances Appropriated		-	-
Fund Balance, June 30	\$ -	1,700	1,700

HILLIARD CITY SCHOOLS DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
Other Local Fund			
Total Revenues and Other Sources	\$ 15,000	5,415	(9,585)
Total Expenditures and Other Uses	22,500	22,075	425
Net Change in Fund Balance	(7,500)	(16,660)	(9,160)
Fund Balance, July 1	26,085	26,085	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 18,585</u>	<u>9,425</u>	<u>(9,160)</u>
Food Service Fund			
Total Revenues and Other Sources	\$ 2,915,000	3,375,526	460,526
Total Expenditures and Other Uses	2,914,000	3,375,179	(461,179)
Net Change in Fund Balance	1,000	347	(653)
Fund Balance, July 1	(347)	(347)	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 653</u>	<u>-</u>	<u>(653)</u>
Latchkey			
Total Revenues and Other Sources	\$ 1,400,000	1,288,037	(111,963)
Total Expenditures and Other Uses	1,073,762	1,074,392	(630)
Net Change in Fund Balance	326,238	213,645	(112,593)
Fund Balance, July 1	162,565	162,565	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 488,803</u>	<u>376,210</u>	<u>(112,593)</u>
School Testing			
Total Revenues and Other Sources	\$ 296,000	241,259	(54,741)
Total Expenditures and Other Uses	498,738	277,761	220,977
Net Change in Fund Balance	(202,738)	(36,502)	166,236
Fund Balance, July 1	342,391	342,391	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 139,653</u>	<u>305,889</u>	<u>166,236</u>
Pamela Carpenter Memorial			
Total Revenues and Other Sources	\$ 2,000	1,285	(715)
Total Expenditures and Other Uses	1,000	754	246
Net Change in Fund Balance	1,000	531	(469)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 1,000</u>	<u>531</u>	<u>(469)</u>

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
4-Mat Training			
Total Revenues and Other Sources	\$ 2,000	-	(2,000)
Total Expenditures and Other Uses	500	-	500
Net Change in Fund Balance	1,500	-	(1,500)
Fund Balance, July 1	454	454	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 1,954</u>	<u>454</u>	<u>(1,500)</u>
Educational Management Information Systems (EMIS Grant)			
Total Revenues and Other Sources	\$ 60,000	51,425	(8,575)
Total Expenditures and Other Uses	-	833	(833)
Net Change in Fund Balance	60,000	50,592	(9,408)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 60,000</u>	<u>50,592</u>	<u>(9,408)</u>
Ohio Education Computer Network (O.E.C.N.)			
Total Revenues and Other Sources	\$ 75,000	60,000	(15,000)
Total Expenditures and Other Uses	-	60,000	(60,000)
Net Change in Fund Balance	75,000	-	(75,000)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 75,000</u>	<u>-</u>	<u>(75,000)</u>
School Improvement			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	-	3,649	(3,649)
Net Change in Fund Balance	-	(3,649)	(3,649)
Fund Balance, July 1	17,697	17,697	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 17,697</u>	<u>14,048</u>	<u>(3,649)</u>
Reading Intervention Grant			
Total Revenues and Other Sources	\$ 70,000	221,033	151,033
Total Expenditures and Other Uses	-	215,418	(215,418)
Net Change in Fund Balance	70,000	5,615	(64,385)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 70,000</u>	<u>5,615</u>	<u>(64,385)</u>

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
Other State			
Total Revenues and Other Sources	\$ 22,000	89,863	67,863
Total Expenditures and Other Uses	-	76,107	(76,107)
Net Change in Fund Balance	22,000	13,756	(8,244)
Fund Balance, July 1	15,384	15,384	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 37,384	29,140	(8,244)
Part B - IDEA			
Total Revenues and Other Sources	\$ 1,200,000	1,433,951	233,951
Total Expenditures and Other Uses	-	1,419,736	(1,419,736)
Net Change in Fund Balance	1,200,000	14,215	(1,185,785)
Fund Balance, July 1	11,904	11,904	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 1,211,904	26,119	(1,185,785)
Title III			
Total Revenues and Other Sources	\$ 10,000	107,816	97,816
Total Expenditures and Other Uses	-	110,740	(110,740)
Net Change in Fund Balance	10,000	(2,924)	(12,924)
Fund Balance, July 1	2,924	2,924	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 12,924	-	(12,924)
Title I			
Total Revenues and Other Sources	\$ 350,000	331,043	(18,957)
Total Expenditures and Other Uses	-	336,986	(336,986)
Net Change in Fund Balance	350,000	(5,943)	(355,943)
Fund Balance, July 1	5,942	5,942	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 355,942	(1)	(355,943)
Title V			
Total Revenues and Other Sources	\$ 40,000	88,638	48,638
Total Expenditures and Other Uses	-	79,340	(79,340)
Net Change in Fund Balance	40,000	9,298	(30,702)
Fund Balance, July 1	1,748	1,748	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 41,748	11,046	(30,702)

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
Drug-Free Grant			
Total Revenues and Other Sources	\$ 65,000	55,861	(9,139)
Total Expenditures and Other Uses	-	51,698	(51,698)
Net Change in Fund Balance	65,000	4,163	(60,837)
Fund Balance, July 1	(451)	(451)	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 64,549</u>	<u>3,712</u>	<u>(60,837)</u>
Preschool Grant			
Total Revenues and Other Sources	\$ 40,000	29,642	(10,358)
Total Expenditures and Other Uses	-	102,398	(102,398)
Net Change in Fund Balance	40,000	(72,756)	(112,756)
Fund Balance, July 1	73,183	73,183	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 113,183</u>	<u>427</u>	<u>(112,756)</u>
Title II-A			
Total Revenues and Other Sources	\$ 304,000	396,784	92,784
Total Expenditures and Other Uses	-	405,784	(405,784)
Net Change in Fund Balance	304,000	(9,000)	(313,000)
Fund Balance, July 1	(19,560)	9,000	(28,560)
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ 284,440</u>	<u>-</u>	<u>(341,560)</u>
Smaller Learning Communities			
Total Revenues and Other Sources	\$ -	83,565	83,565
Total Expenditures and Other Uses	-	83,565	(83,565)
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
Title II-D			
Total Revenues and Other Sources	\$ -	8,519	8,519
Total Expenditures and Other Uses	-	3,721	(3,721)
Net Change in Fund Balance	-	4,798	4,798
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>4,798</u>	<u>4,798</u>

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
Other Federal Grants			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	-	(200)	200
Net Change in Fund Balance	-	200	200
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	200	200
Auxiliary Services - St. Brendans			
Total Revenues and Other Sources	\$ 245,000	245,438	438
Total Expenditures and Other Uses	-	219,514	(219,514)
Net Change in Fund Balance	245,000	25,924	(219,076)
Fund Balance, July 1	68	68	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 245,068	25,992	(219,076)
Auxiliary Services - Sunrise Academy			
Total Revenues and Other Sources	\$ 90,000	116,108	26,108
Total Expenditures and Other Uses	-	69,810	(69,810)
Net Change in Fund Balance	90,000	46,298	(43,702)
Fund Balance, July 1	10	10	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 90,010	46,308	(43,702)
Auxiliary Services - Dublin Prep Academy			
Total Revenues and Other Sources	\$ 15,000	15,019	19
Total Expenditures and Other Uses	-	1,904	(1,904)
Net Change in Fund Balance	15,000	13,115	(1,885)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ 15,000	13,115	(1,885)
Auxiliary Services - Other			
Total Revenues and Other Sources	\$ -	130,549	130,549
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balance	-	130,549	130,549
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	130,549	130,549

HILLIARD CITY SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget positive (negative)
CAPITAL PROJECTS FUNDS			
Permanent Improvement Fund			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	296,000	-	296,000
<hr/>			
Net Change in Fund Balance	(296,000)	-	296,000
Fund Balance, July 1	296,147	296,147	-
Prior Year Encumbrances Appropriated	-	-	-
<hr/>			
Fund Balance, June 30	\$ 147	296,147	296,000
<hr/>			
SchoolNet			
Total Revenues and Other Sources	\$ 60,000	9,450	(50,550)
Total Expenditures and Other Uses	-	(556)	556
<hr/>			
Net Change in Fund Balance	60,000	10,006	(49,994)
Fund Balance, July 1	91,236	91,236	-
Prior Year Encumbrances Appropriated	-	-	-
<hr/>			
Fund Balance, June 30	\$ 151,236	101,242	(49,994)
<hr/>			

Hilliard City School District

FIDUCIARY FUND TYPE

Agency Funds

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

SECTION 125 AGENCY FUND

A fund established to account for the cafeteria plans employee contributions and resulting expenditures to a third party administrator of the plan.

STUDENT ACTIVITY AGENCY FUND

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

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Hilliard City School District
Combining Schedule of Assets and Liabilities - Agency Funds
June 30, 2004

	<u>Section 125 Agency Fund</u>	<u>Student Activity Agency Fund</u>	<u>Total Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 25,438	\$ 303,531	\$ 328,969
Receivables			
Accounts	-	390	390
Total assets	<u>\$ 25,438</u>	<u>303,921</u>	<u>\$ 329,359</u>
Liabilities:			
Accounts Payable	-	6,447	6,447
Due to:			
Other Funds	-	11,913	11,913
Other	25,438	285,561	310,999
Total Liabilities	<u>\$ 25,438</u>	<u>\$ 303,921</u>	<u>329,359</u>

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Statistical

SECTION

Hilliard City Schools met almost 90 percent of the indicators on the state's local report card. Test scores increased in each category: proficiency test results in all tested grades, the graduation rate and the attendance rate. The District also surpassed the standard in the newest category - third grade reading - by 10 points.

Additionally, results showed more and more students passed the tests at higher levels, as evidenced by the performance index score. This year's score, 96.1, is the highest performance index score ever for the district.

Other Specific Achievements:

- Highest-ever graduation rate; and
- Highest-ever attendance rate, continuing the steady rise from the report card's inception.



**HILLIARD CITY SCHOOL DISTRICT
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years**

Fiscal Years	Instructional	Support	Extra-	Food Service	Community	Capital	Debt	Total
	Services	Services	Curricular	Operations	Service	Outlay	Service	
1995	\$26,477,021	\$16,009,132	\$698,671	NA (2)	\$364	\$2,233,506	\$6,149,675 (1)	\$51,568,369
1996	28,434,830	17,000,668	711,756	NA (2)	132,001	32,564,271	9,540,073	88,383,599
1997	32,786,166	20,795,686	952,711	NA (2)	161,959	29,297,515	9,433,455	93,427,492
1998	38,828,497	24,331,776	1,169,942	NA (2)	218,051	11,007,614	10,738,795	86,294,675
1999	42,197,781	27,514,359	1,317,651	NA (2)	216,122	1,979,456	9,974,532	83,199,901
2000	47,533,158	30,257,530	1,547,220	NA (2)	214,972	2,917,741	12,759,585	95,230,206
2001	55,807,448	35,031,062	1,622,961	NA (2)	319,408	22,019,097	19,878,115	134,678,091
2002	63,006,910	40,790,693	1,921,211	NA (2)	358,912	11,569,517	12,990,624	130,637,867
2003	67,918,232	44,288,577	2,498,434	\$3,334,698 (2)	1,331,249 (2)	8,948,044	13,092,514	141,411,748
2004	72,278,606	42,903,786	2,567,706	3,224,496 (2)	1,406,752 (2)	7,892,940	11,770,769	142,045,055

Notes:

- (1) Included Bond Anticipation Notes that were issued prior to bonds being issued March 1, 1995.
(2) In 2003 and 2004, certain funds previously reported as Enterprise and Expendable Trust Funds were reclassified to Special Revenue Funds.
Only 2003 and 2004 amounts have been adjusted for this reclassification.

N/A - Prior to fiscal year 2003, food service operations were classified as an enterprise fund and therefore, not included in the presentation of governmental expenditures.

Source: Office of the Treasurer, Hilliard City School District

**HILLIARD CITY SCHOOL DISTRICT
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Fiscal Years**

Fiscal Years	Property and Taxes	State Sources	Federal Sources	Investment Income	Food Service	Tuition	Classroom			Total
							Materials & Fees	Extra - curricular	Other	
1995	\$34,730,455	\$13,716,836	\$559,097	\$1,460,864	NA (1)	\$3,500	\$258,672	\$203,907	\$145,351	\$51,078,682
1996	41,585,060	17,741,069	827,291	3,003,730	NA (1)	7,778	404,008	182,710	225,179	63,976,825
1997	50,785,629	18,851,947	699,700	2,756,529	NA (1)	29,231	422,605	193,921	552,202	74,291,764
1998	50,810,677	21,356,378	675,904	2,070,190	NA (1)	19,010	463,631	283,391	545,046	76,224,227
1999	62,960,943	24,212,863	800,686	2,197,976	NA (1)	155,948	505,142	339,602	315,952	91,489,112
2000	53,823,395	26,520,139	1,306,816	4,296,915	NA (1)	132,223	560,258	407,527	285,976	87,333,249
2001	71,350,080	31,136,490	1,356,308	5,817,555	NA (1)	238,313	621,822	408,323	1,103,855	112,032,746
2002	74,805,054	37,888,870	1,361,236	1,961,608	NA (1)	163,424	650,510	440,346	709,896	117,980,944
2003	70,972,300	41,475,237	2,664,511	1,029,779	\$2,499,615 (1)	1,595,438 (1)	705,115	442,997	716,336	122,101,328
2004	83,312,930	44,345,223	3,831,984	322,245	2,625,788 (1)	1,736,908 (1)	705,944	494,569	496,732	137,872,323

Notes:

(1) In 2003 and 2004, certain funds previously reported as Enterprise and Expendable Trust Funds were reclassified to Special Revenue Funds. Only 2003 and 2004 amounts have been adjusted for this reclassification.

N/A - Prior to fiscal year 2003, food service operations were classified as an enterprise fund and therefore, not included in the presentation of governmental revenues.

Source: Office of the Treasurer, Hilliard City School District

**HILLIARD CITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years**

Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1995	\$38,639,345	\$38,689,663	100.13	\$1,161,475	\$39,851,138	103.14	\$2,463,386	6.38
1996	51,471,843	50,949,280	98.98	1,269,916	52,219,196	101.45	3,247,589	6.31
1997	56,413,028	54,982,041	97.46	1,578,916	56,560,957	100.26	3,255,971	5.77
1998	58,648,714	58,265,444	99.35	1,624,259	59,889,703	102.12	3,448,187	5.88
1999	61,832,795	61,171,877	98.93	2,040,762	63,212,639	102.23	3,096,157	5.01
2000	75,189,849	65,675,676	87.35	2,040,762	67,716,438	90.06	5,394,910	7.18
2001	79,683,579	76,991,913	96.62	2,457,396	79,948,809	100.33	9,339,902	11.72
2002	83,014,896	77,249,924	93.06	4,171,222	81,421,146	98.08	7,148,374	8.61
2003	81,365,322	81,773,234	100.50	2,505,364	84,278,598	103.58	7,451,654	9.16
2004	82,815,737	79,354,096 (1)	95.82	5,184,243	84,538,339	102.08	3,854,253	4.65

Notes:

- The information above is for real estate, public utilities and tangible personal property collections and levies.
- (1) The Current Tax Collections include an estimated distribution of \$419,234 for 2004 Personal Property State Reimbursement, as estimated by the Franklin County Auditor's Office. The actual distribution may vary.

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

Table 4

**HILLIARD CITY SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Years**

Collection Year	REAL PROPERTY			PERSONAL PROPERTY			PUBLIC UTILITY			TOTAL		
	% Value	Assessed Value	Estimated	% Value	Assessed Value	Estimated	% Value	Assessed Value	Estimated	% Value	Assessed Value	Estimated
			Actual Value			Actual Value			Actual Value			Actual Value
1995	35%	\$803,101,390	\$2,294,575,400	25%	\$147,578,179	\$590,312,716	35%	\$51,826,900	\$148,076,857	35%	\$1,002,506,469	\$3,032,964,973
1996	35%	896,338,930	2,560,968,371	25%	153,306,055	613,224,220	35%	51,767,390	147,906,829	35%	1,101,412,375	3,322,099,420
1997	35%	1,035,851,200	2,959,574,857	25%	163,298,062	653,192,248	35%	56,171,680	160,490,514	35%	1,255,320,942	3,773,257,619
1998	35%	1,092,874,280	3,122,497,943	25%	194,111,631	776,446,524	35%	58,487,990	167,108,543	35%	1,345,473,901	4,066,053,010
1999	35%	1,169,078,190	3,340,223,400	25%	203,301,812	813,207,248	35%	60,927,550	174,078,714	35%	1,433,307,552	4,327,509,362
2000	35%	1,376,821,610	3,933,776,029	25%	217,372,611	869,490,444	35%	64,454,980	184,157,086	35%	1,658,649,201	4,987,423,558
2001	35%	1,460,389,470	4,172,541,343	25%	240,607,331	962,429,324	35%	66,058,070	188,737,343	35%	1,767,054,871	5,323,708,010
2002	35%	1,514,961,350	4,328,461,000	25%	223,691,355	894,765,420	35%	46,530,060	132,943,029	35%	1,785,182,765	5,356,169,449
2003	35%	1,720,019,110	4,914,340,314	25%	266,034,379	1,064,137,516	35%	61,488,430	175,681,229	35%	2,047,541,919	6,154,159,059
2004	35%	1,794,956,850	5,128,448,143	25%	257,185,467	1,028,741,868	35%	58,958,850	168,453,857	35%	2,111,101,167	6,325,643,868

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

HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
Last Ten Years
City of Hilliard (District #050)
(Per \$1000 Assessed Value)

Collection Year	Hilliard City	Franklin County	City of Hilliard	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District	County	Hilliard	Metropolitan Library	Vocational School	School	Agriculture			Industrial	
										Effective Rate	Effective Rate
1995	52.15	14.57	1.60	2.20	1.60	1.60	11.50	83.62	57.633277	61.488304	
1996	60.65	14.82	1.60	2.20	1.60	1.60	11.50	92.37	65.918171	69.497110	
1997	60.28	15.12	1.60	2.20	1.60	1.60	11.50	92.30	61.838005	66.918697	
1998	59.96	15.22	1.60	2.20	1.60	1.60	11.50	92.08	61.420578	66.331342	
1999	59.71	17.54	1.60	2.20	1.60	1.60	17.50	100.15	68.972442	73.826606	
2000	59.71	17.64	1.60	2.20	1.60	1.60	17.50	100.25	63.369134	71.939652	
2001	65.61	17.64	1.60	2.20	1.10	1.10	17.50	105.65	68.282835	76.214978	
2002	65.61	17.64	1.60	2.20	1.10	1.10	17.50	105.65	67.831317	75.649651	
2003	64.44	17.64	1.60	2.20	0.50	0.50	17.50	103.88	61.645226	70.641946	
2004	64.44	17.64	1.60	2.20	0.50	0.50	17.50	103.88	61.276859	70.334307	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
 Last Ten Years
City of Hilliard/Washington Township (District #052)
 (Per \$1000 Assessed Value)

Collection Year	Hilliard City	Franklin County	City of Hilliard	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District			Metropolitan Library	Vocational School	Agriculture	Industrial				
									Effective Rate	Effective Rate	
1995	52.15	14.57	1.60	2.20	1.60	1.60	11.55	83.67	57.070958	60.849514	
1996	60.65	14.82	1.60	2.20	1.60	1.60	13.04	93.91	67.598890	70.810796	
1997	60.28	15.12	1.60	2.20	1.60	1.60	13.03	93.83	63.451847	68.156823	
1998	59.96	15.22	1.60	2.20	1.60	1.60	13.02	93.60	62.933430	67.475708	
1999	59.71	17.54	1.60	2.20	1.60	1.60	13.01	95.66	64.512120	68.920900	
2000	59.71	17.64	1.60	2.20	1.60	1.60	14.50	97.25	60.946688	68.184455	
2001	65.61	17.64	1.60	2.20	1.10	1.10	14.50	102.65	67.212983	73.636286	
2002	65.61	17.64	1.60	2.20	1.10	1.10	14.50	102.65	66.764387	73.067154	
2003	64.44	17.64	1.60	2.20	0.50	0.50	14.50	100.88	60.530455	68.364866	
2004	64.44	17.64	1.60	2.20	0.50	0.50	14.50	100.88	60.175479	68.155248	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

**HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
Last Ten Years
Brown Township (District #120)
(Per \$1000 Assessed Value)**

Collection Year	Hilliard City	Franklin County	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District		Metropolitan Library	Metropolitan School	Vocational School	Agriculture			Industrial	
								Effective Rate	Effective Rate	
1995	52.15	14.57	2.20	1.60	1.60	9.60	80.12	58.644518	61.991099	
1996	60.65	14.82	2.20	1.60	1.60	9.60	88.87	67.011071	70.215301	
1997	60.28	15.12	2.20	1.60	1.60	9.60	88.80	62.615826	67.969348	
1998	59.96	15.22	2.20	1.60	1.60	9.60	88.58	62.181526	67.408663	
1999	59.71	17.54	2.20	1.60	1.60	9.60	90.65	63.773089	68.831997	
2000	59.71	17.64	2.20	1.60	1.60	9.60	90.75	58.512449	65.574665	
2001	65.61	17.64	2.20	1.10	1.10	9.60	96.15	63.500294	70.122365	
2002	65.61	17.64	2.20	1.10	1.10	9.60	96.15	63.054570	69.685910	
2003	64.44	17.64	2.20	0.50	0.50	9.60	94.38	56.931749	65.675575	
2004	64.44	17.64	2.20	0.50	0.50	9.60	94.38	56.581285	65.473290	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

**HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
Last Ten Years
Franklin Township (District #142)
(Per \$1000 Assessed Value)**

Collection Year	Hilliard City	Franklin County	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District		Metropolitan Library	Vocational School	School	Agriculture			Industrial	
								Effective Rate	Effective Rate	
1995	52.15	14.57	2.20	1.60	1.60	13.05	83.57	60.406826	65.019068	
1996	60.65	14.82	2.20	1.60	1.60	13.05	92.32	68.813755	73.253783	
1997	60.28	15.12	2.20	1.60	1.60	13.05	92.25	64.515003	70.679085	
1998	59.96	15.22	2.20	1.60	1.60	13.05	92.03	64.119807	70.081651	
1999	59.71	17.54	2.20	1.60	1.60	13.05	94.10	65.747923	71.595150	
2000	59.71	17.64	2.20	1.60	1.60	13.05	94.20	60.148543	69.954069	
2001	65.61	17.64	2.20	1.10	1.10	13.05	99.60	65.181867	74.542600	
2002	65.61	17.64	2.20	1.10	1.10	13.05	99.60	64.818439	74.078042	
2003	64.44	17.64	2.20	0.50	0.50	13.05	97.83	58.698682	69.933144	
2004	64.44	17.64	2.20	0.50	0.50	13.05	97.83	58.410069	70.622720	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
 Last Ten Years
Norwich Township (District #200)
 (Per \$1000 Assessed Value)

Collection Year	Hilliard City	Franklin County	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District		Metropolitan Library	Library	Vocational School	School			Agriculture	Industrial
								Effective Rate	Effective Rate	
1995	52.15	14.57	2.20	2.20	1.60	1.60	12.80	56.665059	60.182196	
1996	60.65	14.82	2.20	2.20	1.60	1.60	12.80	64.949751	68.160415	
1997	60.28	15.12	2.20	2.20	1.60	1.60	12.80	60.783594	65.602910	
1998	59.96	15.22	2.20	2.20	1.60	1.60	12.80	60.366039	65.015555	
1999	59.71	17.54	2.20	2.20	1.60	1.60	18.80	67.916683	72.508755	
2000	59.71	17.64	2.20	2.20	1.60	1.60	18.80	62.245651	70.555437	
2001	65.61	17.64	2.20	2.20	1.10	1.10	18.80	67.160040	74.831472	
2002	65.61	17.64	2.20	2.20	1.10	1.10	18.80	66.706216	74.266145	
2003	64.44	17.64	2.20	2.20	0.50	0.50	21.60	62.997289	71.913435	
2004	64.44	17.64	2.20	2.20	0.50	0.50	21.60	62.630459	71.753972	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
 Last Ten Years
Prairie Township (District #241)
 (Per \$1000 Assessed Value)

Collection Year	Hilliard City School District		Franklin County		Columbus Metropolitan Library		Tolles Vocational School		Township	Total Rate	Residential/Agriculture		Commercial/Industrial	
	School District	County	Library	School	School	School	Effective Rate	Effective Rate			Effective Rate	Effective Rate		
1995	52.15	14.57	2.20	1.60	1.60	1.60	14.00	84.52	59.388917	64.917818				
1996	60.65	14.82	2.20	1.60	1.60	1.60	14.00	93.27	67.760944	73.167919				
1997	60.28	15.12	2.20	1.60	1.60	1.60	14.00	93.20	63.594011	70.480237				
1998	59.96	15.22	2.20	1.60	1.60	1.60	14.20	93.18	64.662082	70.926700				
1999	59.71	17.54	2.20	1.60	1.60	1.60	14.20	95.25	66.266049	72.542192				
2000	59.71	17.64	2.20	1.60	1.60	1.60	14.20	95.35	62.616960	71.581722				
2001	65.61	17.64	2.20	1.10	1.10	1.10	14.20	100.75	67.613731	75.951272				
2002	65.61	17.64	2.20	1.10	1.10	1.10	14.20	100.75	67.250562	75.460507				
2003	64.44	17.64	2.20	0.50	0.50	0.50	14.20	98.98	60.947423	71.002727				
2004	64.44	17.64	2.20	0.50	0.50	0.50	14.20	98.98	60.630383	70.771147				

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

**HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
Last Ten Years
Washington Township (District #272)
(Per \$1000 Assessed Value)**

Collection Year	Hilliard City	Franklin County	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District		Metropolitan Library	Vocational School	School	Agriculture			Industrial	
								Effective Rate	Effective Rate	
1995	52.15	14.57	2.20	1.60	1.60	17.05	87.57	59.071551	62.931054	
1996	60.65	14.82	2.20	1.60	1.60	18.54	97.81	69.653291	72.921770	
1997	60.28	15.12	2.20	1.60	1.60	18.53	97.73	65.175948	70.076139	
1998	59.96	15.22	2.20	1.60	1.60	18.52	97.50	64.656975	69.403404	
1999	59.71	17.54	2.20	1.60	1.60	18.51	99.56	66.225186	70.527093	
2000	59.71	17.64	2.20	1.60	1.60	20.01	101.16	62.081763	69.508406	
2001	65.61	17.64	2.20	1.10	1.10	20.00	106.55	68.316940	74.905430	
2002	65.61	17.64	2.20	1.10	1.10	20.00	106.55	67.876987	74.314228	
2003	64.44	17.64	2.20	0.50	0.50	20.00	104.78	61.235945	69.287395	
2004	64.44	17.64	2.20	0.50	0.50	20.00	104.78	60.858383	69.058932	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
Last Ten Years
City of Dublin/Washington Township (District #274)
(Per \$1000 Assessed Value)

Collection Year	Hilliard City		Franklin County	City of Dublin	Columbus		Tolles		Township	Total Rate	Residential/Agriculture		Commercial/Industrial	
	School District	District			Metropolitan Library	Vocational School	Effective Rate	Effective Rate			Effective Rate	Effective Rate		
1995	52.15	14.57	2.98	2.20	1.60	11.55	85.05	57.585209	61.447526					
1996	60.65	14.82	2.98	2.20	1.60	13.04	95.29	68.107150	71.398175					
1997	60.28	15.12	2.98	2.20	1.60	13.03	95.21	63.935997	68.723679					
1998	59.96	15.22	2.97	2.20	1.60	13.02	94.97	63.402514	68.026816					
1999	59.71	17.54	2.97	2.20	1.60	13.01	97.03	64.981559	69.472688					
2000	59.71	17.64	2.97	2.20	1.60	14.51	98.63	61.385264	68.706571					
2001	65.61	17.64	2.97	2.20	1.10	14.50	104.02	67.650122	74.150774					
2002	65.61	17.64	2.97	2.20	1.10	14.50	104.02	67.198544	73.576695					
2003	64.44	17.64	2.97	2.20	0.50	14.50	102.25	60.934732	68.848585					
2004	64.44	17.64	2.96	2.20	0.50	14.50	102.24	60.567932	68.628725					

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
 Last Ten Years
City of Columbus (District #560)
 (Per \$1000 Assessed Value)

Collection Year	Hilliard City	Franklin County	City of Columbus	Columbus		Tolles		Total Rate	Residential/	Commercial/
	School District			Metropolitan Library	Vocational School	School	Agriculture		Industrial	
								Effective Rate	Effective Rate	Effective Rate
1995	52.15	14.57	3.14	2.20	1.60	1.60	73.66	52.216534	55.531099	
1996	60.65	14.82	3.14	2.20	1.60	1.60	82.41	60.620407	63.755301	
1997	60.28	15.12	3.14	2.20	1.60	1.60	82.34	57.046722	61.509348	
1998	59.96	15.22	3.14	2.20	1.60	1.60	82.12	56.657574	60.948663	
1999	59.71	17.54	3.14	2.20	1.60	1.60	84.19	58.277137	62.508061	
2000	59.71	17.64	3.14	2.20	1.60	1.60	84.29	58.277137	62.508061	
2001	65.61	17.64	3.14	2.20	1.10	1.10	89.69	59.136726	65.492565	
2002	65.61	17.64	3.14	2.20	1.10	1.10	89.69	58.780618	65.056110	
2003	64.44	17.64	3.14	2.20	0.50	0.50	87.92	53.568197	61.045775	
2004	64.44	17.64	3.14	2.20	0.50	0.50	87.92	53.275333	60.843490	

Note: The Hilliard City School District consists of ten taxing Districts:

- Table 5-A - Hilliard City School District - City of Hilliard (District #050)
- Table 5-B - Hilliard City School District - City of Hilliard/Washington Township (District #052)
- Table 5-C - Hilliard City School District - Brown Township (District #120)
- Table 5-D - Hilliard City School District - Franklin Township (District #142)
- Table 5-E - Hilliard City School District - Norwich Township (District #200)
- Table 5-F - Hilliard City School District - Prairie Township (District #241)
- Table 5-G - Hilliard City School District - Washington Township (District #272)
- Table 5-H - Hilliard City School District - City of Dublin/Washington Township (District #274)
- Table 5-I - Hilliard City School District - City of Columbus (District #560)
- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

**HILLIARD CITY SCHOOL DISTRICT
REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING
Last Ten Years
Union County - Washington Township of Franklin County
(Per \$1000 Assessed Value)**

Collection Year	Hilliard City School District		Union County	City of Dublin		Vocational School		Township	Total Rate	Residential/Agriculture		Commercial/Industrial	
	School District	District		Dublin	School	School	Effective Rate			Effective Rate	Effective Rate	Effective Rate	
1995	52.15		10.90	2.98	1.60	11.55	79.18	46.904500	49.448342				
1996	60.65		9.10	2.98	1.60	13.04	87.37	62.272376	65.034878				
1997	60.28		9.10	2.98	1.60	12.93	86.89	59.025110	62.367534				
1998	59.96		9.10	2.97	1.60	12.92	86.55	59.441800	61.591490				
1999	59.71		9.10	2.97	1.60	12.91	86.29	57.338500	61.084700				
2000	59.71		9.10	2.97	1.60	14.41	87.79	54.400026	60.724691				
2001	65.61		9.10	2.97	1.10	14.40	93.18	60.742275	66.401290				
2002	65.61		10.60	2.97	1.10	14.40	94.68	61.478580	66.925823				
2003	64.44		10.60	2.97	0.50	14.40	92.91	55.715400	62.470000				
2004	64.44		10.60	2.96	0.50	14.40	92.90	55.391600	62.190300				

Note: The Hilliard City School District consists of ten taxing Districts:

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- Table 5-J - Hilliard City School District - Union County - Washington Township of Franklin County

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

**HILLIARD CITY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
2004 Collection Year**

	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
<u>Public Utilities</u>		
1. Columbus Southern Power Company	\$34,768,180	1.65%
2. Ohio Bell Telephone Co.	8,226,520	0.39%
3. AT&T Wireless PCS LLC	4,571,300	0.22%
<u>Real Estate</u>		
1. Meritex Columbus LLC	11,396,360	0.54%
2. RPH Industrial LLC	10,553,190	0.50%
3. United Dominion Realty	6,930,010	0.33%
4. JAL Realty Co.	6,597,740	0.31%
5. Westpointe Plaza LP	6,512,340	0.31%
6. Westbelt Industrial LLC	6,197,820	0.29%
7. Market Village Investment	6,195,020	0.29%
8. Millington Investment Co.	6,020,010	0.29%
9. Met Associates LLC	5,950,000	0.28%
10. One Mill LLC	5,635,010	0.27%
<u>Tangible Personal Property</u>		
1. Roxane Laboratories, Inc.	27,478,633	1.30%
2. Uunet Technologies, Inc.	17,956,090	0.85%
3. ISP Fine Chemicals, Inc.	6,407,570	0.30%
4. Ball Metal Food Container Corp	3,781,070	0.18%
5. Pactiv Corporation	3,632,690	0.17%
6. Rich Products Manufacturing Corp	3,476,420	0.16%
7. Parker Hannifin Corporation	3,351,630	0.16%
8. Simpson Strong-Tie Company Inc	3,325,050	0.16%
9. Boehringer Ingelheim Pharmaceuticals Inc	3,103,604	0.15%
10. Sams East Inc	2,859,170	0.14%
ALL OTHERS	<u>1,916,175,740</u>	<u>90.77%</u>
TOTAL ASSESSED VALUATION	<u><u>\$2,111,101,167</u></u>	<u><u>100.00%</u></u>

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

**HILLIARD CITY SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2004**

Total assessed valuation		(1) \$ 2,111,101,167
Gross indebtedness		125,655,499
Less exempt debt		-
Total non exempt debt		125,655,499
Unvoted debt limitations	1/10 of a 1% of tax valuation	9/10 of 1% of tax valuation
	2,111,101	18,999,911
Total non-exempt limited tax bonds and notes outstanding:	1/10 of 1% of	9/10 of 1% of
Bonds	-	-
Notes	-	-
Debt leeway within the 1/10th of 1% unvoted debt limitation (but subject to indirect debt limitation) (2)	2,111,101	18,999,911
9% of tax valuation (voted and unvoted debt limitation) (2)		189,999,105
Total non-exempt bonds and notes outstanding		
Bonds		125,655,499
Debt leeway with 9% direct debt limitation		64,343,606 *

Note (1): Assessed valuation from Table 4

Note (2): Debt leeway in this table determined without considering moneys in the Bond Retirement Fund

* The School District has been certified by the State Department of Education as a "special needs district" under R.C. Section 133.06(E), permitting it to exceed the 9% debt limitation.

Source: Office of the Treasurer, Hilliard City School District

HILLIARD CITY SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Estimated Population (1)	Assessed Value		General Bonded Debt (4)		Less Debt Service Fund (5)	Net Bonded Debt		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
		Real & Personal Property (3)		Bonded Debt (4)			Bonded Debt	Debt		
1995	54,508	\$1,002,506,469		\$81,284,588		\$4,803,919	\$76,480,669		7.63%	\$1,403.11
1996	56,653	1,101,412,375		111,762,828		4,948,839	106,813,989		9.70%	1,885.41
1997	58,284	1,255,320,942		107,872,828		6,243,950	101,628,878		8.10%	1,743.70
1998	57,353	1,345,473,901		103,407,003		5,058,933	98,348,070		7.31%	1,714.79
1999	70,448 (2)	1,433,307,552		98,157,004		7,249,382	90,907,622		6.34%	1,290.42
2000	79,125	1,658,649,201		151,455,819		6,398,365	145,057,454		8.75%	1,833.27
2001	84,300	1,767,054,871		145,205,500		6,337,743	138,867,757		7.86%	1,647.30
2002	87,250	1,785,182,765		138,815,500		6,889,947	131,925,553		7.39%	1,512.04
2003	91,600	2,047,541,919		132,025,500		6,368,224	125,657,276		6.14%	1,371.80
2004	93,311 (6)	2,111,101,167		125,655,499		9,179,975	116,475,524		5.52%	1,248.25

Note (1): Population for the District is estimated by multiplying the yearly average circulation rate of the local newspapers, which are delivered to all locations within the District, by an average of 2.77 individuals per household through fiscal year 1998 (average individuals per household provided by statistical analysis performed by the City of Hilliard).

Note (2): Effective 1999, population for the District is estimated based on registered voters and student population.

Note (3): Assessed value from Table 4.

Note (4): Office of the Treasurer, Hilliard City School District.

Note (5): Amount available for repayment of general obligation bonds.

Note (6): Mid-Ohio Regional Planning Commission

Source: Office of the Treasurer, Hilliard City School District

HILLIARD CITY SCHOOL DISTRICT
RATIO OF ANNUAL GENERAL OBLIGATION BOND DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bond Debt Service		Total	Total General Governmental Expenditures (1)	Ratio of General Obligation Bond Debt Service to Total General Governmental Expenditures
	Principal	Interest			
1995	\$3,000,000	\$3,149,675	\$6,149,675	\$51,568,369	11.93
1996	4,520,000	5,020,073	9,540,073	88,383,599	10.79
1997	3,890,000	5,543,455	9,433,455	93,427,492	10.10
1998	4,965,000	5,187,757	10,152,757	86,294,675	11.77
1999	5,250,000	4,724,532	9,974,532	83,199,901	11.99
2000	5,900,000	4,434,021	10,334,021	95,230,206	10.85
2001	6,250,000	7,038,914	13,288,914	134,678,091	9.87
2002	6,389,996	6,525,573	12,915,569	130,637,867	9.92
2003	6,790,000	6,159,015	12,949,015	141,411,748	9.16
2004	6,370,000	5,251,680	11,621,680	142,045,055	8.18

Note:

(1) Includes other financing uses

Source: Office of the Treasurer, Hilliard City School District

**HILLIARD CITY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2004**

	<u>General</u>	<u>Percent</u>	<u>Applicable to</u>
	<u>Bonded Debt</u>	<u>Over-lapping</u>	<u>Hilliard City</u>
			<u>School District</u>
	\$	%	\$
Franklin County	135,155,000	8.27%	11,177,319
City of Columbus	674,010,000	6.81%	45,900,081
Hilliard City School District	125,655,499	100.00%	125,655,499
City of Dublin	58,533,478	4.19%	2,452,553
Washington Township	2,835,000	5.60%	158,760
Norwich Township	-	-	-
City of Hilliard	5,160,000	99.91%	5,155,356
Prairie Township	-	-	-
Union County - Washington Township of Franklin Co.	4,970,000	-	-
Brown Township	-	-	-
Franklin Township	-	-	-
TOTAL	<u>\$ 1,006,318,977</u>		<u>\$ 190,499,568</u>

Note: Information is most recent available information.

Source: Office of the County Auditor, Franklin and Union County

**HILLIARD CITY SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
ENROLLMENT DATA
Last Ten Fiscal Years**

<u>Year</u>	<u>Elementary School Enrollment</u>	<u>Middle School Enrollment</u>	<u>High School Enrollment</u>	<u>Total School Enrollment</u>
1995	5,797	1,378	2,250	9,425
1996	6,213	1,450	2,378	10,041
1997	6,619	1,562	2,553	10,734
1998	6,780	1,657	2,774	11,211
1999	7,185	1,818	3,002	12,005
2000	7,325	1,892	3,192	12,409
2001	7,551	2,026	3,296	12,873
2002	7,685	2,072	3,579	13,336
2003	7,851	2,151	3,852	13,854
2004	8,036	2,191	3,993	14,220

Source: Office of Community Relations, Hilliard City School District

Table 12

**HILLIARD CITY SCHOOL DISTRICT
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years**

Fiscal Year	Residential (1)		Commercial (1)		Industrial (1)		Property Value (3)
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	
1995	526	\$82,690,980	64	\$57,255,297	0	\$0	\$3,032,964,973
1996	462	63,325,739	67	38,012,919	0	0	3,322,099,420
1997	424	67,308,664	69	6,973,738	0	0	3,773,257,619
1998	232	42,707,704	65	18,760,862	0	0	4,066,053,010
1999	220	48,904,375	15	8,562,908	0	0	4,327,509,362
2000	219	52,180,707	10	4,945,000	0	0	5,047,423,559
2001	181	40,821,072	16	21,201,832	0	0	5,323,708,010
2002	239	59,999,460	20	21,901,278	0	0	5,356,169,449
2003	275	120,913,769	173	29,502,480	0	0	NA
2004	181	54,501,892	17	13,465,500	0	0	6,198,498,122

Sources:

- (1) Office of Finance, City of Hilliard
- (3) Office of the County Auditor, Franklin County, Ohio.

NA = Not Available

Note: Information provided by the City of Hilliard is for the calendar year.

**HILLIARD CITY SCHOOL DISTRICT
COST TO EDUCATE A 2004 GRADUATE**

<u>School Year (1)</u>	<u>Grade</u>	<u>Annual Per Pupil Cost (2)</u>
2004	12	\$8,759
2003	11	8,666
2002	10	8,367
2001	9	7,602
2000	8	6,932
1999	7	6,369
1998	6	6,070
1997	5	5,527
1996	4	4,784
1995	3	4,856
1994	2	4,777
1993	1	4,333
1992	Kindergarten	2,139
Total Cost		<u><u>\$70,422</u></u>

Annual cost per pupil is all funds except debt service and capital outlay on a cash basis.

Notes:

(1) School year is from July 1 through June 30

(2) Annual per pupil cost for all years except kindergarten where amount is one-half annual per pupil cost. These costs are published annually by the State of Ohio, Department of Education.

Source: Office of Planning and Communication, Hilliard City School District

**HILLIARD CITY SCHOOL DISTRICT
MISCELLANEOUS STATISTICS
Fiscal Year 2004**

Date of Incorporation	1870
Enrollment - October, 2003	14,220
Staff - October, 2003	
Certificated	1,256
Classified	507
Total	<u>1,763</u>

Buildings	
High School	2
Middle School	3
Elementary	15
Central Office	1
Transportation	1
Support Services	1

Cost Per Pupil - FY04	\$8,759
Valuation Per Pupil	\$148,254

Standardized Test Scores:American College Test (ACT)

	<u>HCS D</u>	<u>Ohio</u>	<u>National</u>
English	20.9	20.7	20.4
Mathematics	22.9	21.1	20.7
Reading	22.8	21.9	21.3
Science Reasoning	22.3	21.5	20.9
Composite	22.4	21.4	20.9

Scholastic Aptitude Test (SAT)

	<u>HCS D</u>	<u>Ohio</u>	<u>National</u>
Verbal	519	538	508
Mathematics	539	542	518

National Merit Scholarship Qualifying Test CPSAT/NMSQT

Finalist	2
Semi-finalist	2
Commended Scholars	10

Source: Hilliard City School District Offices of Treasurer, EMIS,
Human Resources, and Guidance
Assessment and Intervention Report and ODE 2004
Equity Valuation Report.

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Betty Montgomery**

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**HILLIARD CITY SCHOOL DISTRICT
FRANKLIN 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 10, 2005**